NATION'S BUSINESS

January *1926*

Taxes? It's Up to You!

By MARTIN B. MADDEN
Chairman, House Appropriations Committee

We Can't Recognize Russia Yet

By EDMUND A. WALSH
Regent, School of Foreign Service, Georgetown University

A Billion for Highways Who Pays the Bill?

By A. J. BROSSEAU
Director, National Automobile Chamber of Commerce

Re-making Our War-torn Workers, by Gen. Frank T. Hines
How Swindlers Attack the Exporter, by Henry Schott
Mexico Gets Down to Business, by Frederick Simpich
When a Specialty Grows Up, by Harry A. Wellman
This Word War on the Capitalist, by Harper Leech
Selling Knowledge by Mail, by James H. Collins

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Map of the Nation's Business on page 41

Published at Washington by the Chamber of Commerce of the United States

MORE THAN 210,000 CIRCULATION





The cash value of daylight—in your plant

WHATEVER you call them on your cost sheets—"rejects," "spoiled pieces," "no goes"—they are a definite factor in every production schedule.

In a well daylighted plant the operator sets up his work without fumbling. The added efficiency shows itself in the reduced number of rejections. Daylighting also cuts down the number of personal injury cases.

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Birmingham Pittsburgh St. Louis
The Austin Company of California:
Los Angeles and San Francisco
The Austin Company of Texas: Dallas



THE AUSTIN COMPANY, Cleveland

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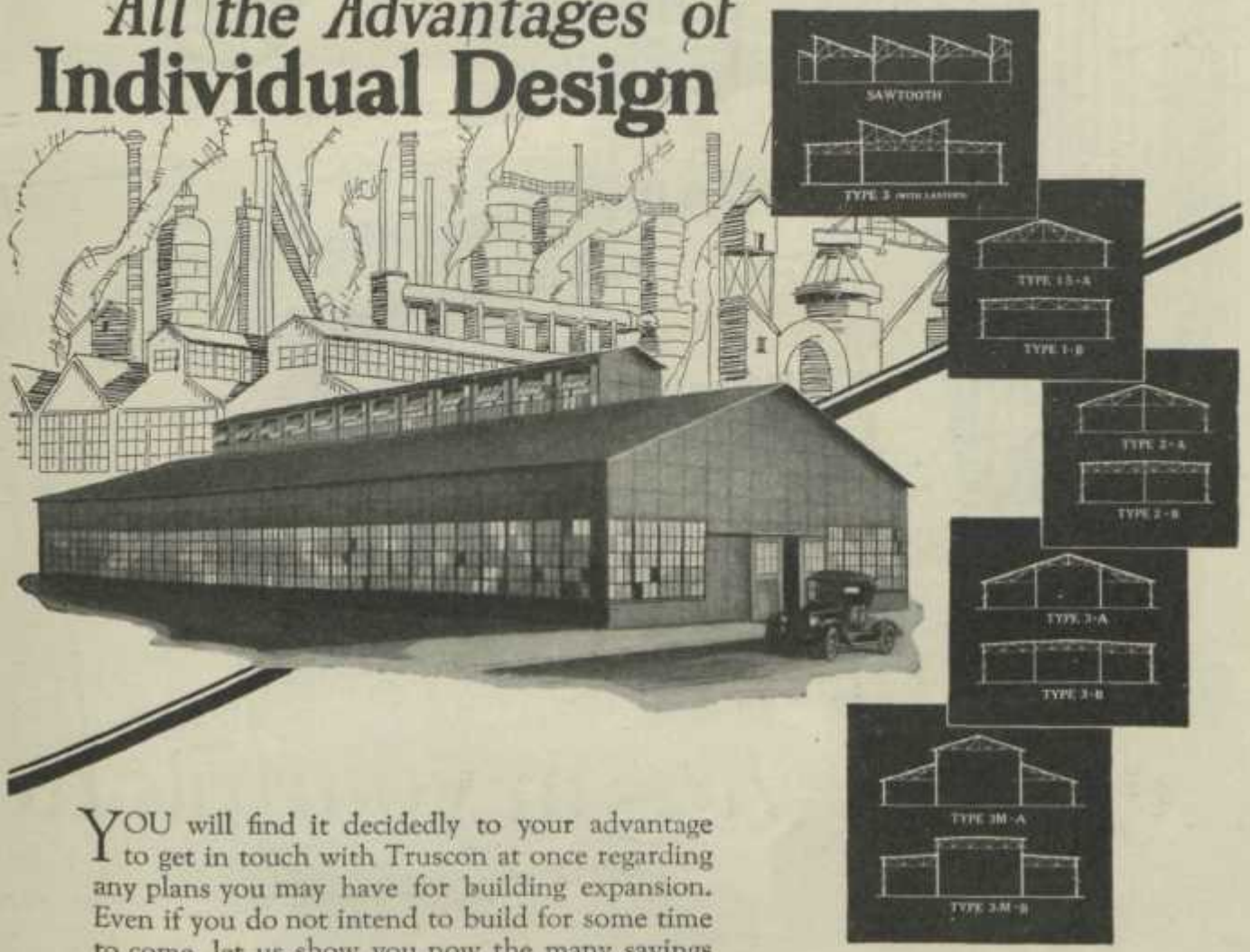
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N. B. 1-26

All the Economies of **Standardization**
All the Advantages of **Individual Design**



YOU will find it decidedly to your advantage to get in touch with Truscon at once regarding any plans you may have for building expansion. Even if you do not intend to build for some time to come, let us show you now the many savings in time, money, and labor Truscon can provide for you. Under all circumstances, you should have this information on hand as a buying guide.

Remember, no matter what your need may be for a one or two story building, Truscon can supply it very quickly and at a very substantial saving. Truscon provides specialized buildings for practically every kind of industry. Indicate your industry on the coupon and a specialized catalog will be sent to you at once.

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Warehouses and Offices in Principal Cities
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Truscon Ferrodeck provides a roof of outstanding merit, light in weight, non-burning, quickly erected, adaptable to any degree of insulation. Have a Ferrodeck roof on your Truscon building.

Truscon Service *Includes*
Planning-Manufacture-Erection-*One Contract*
No Extras

TRUSCON PERMANENT BUILDINGS

Truscon
Steel Co.
Youngstown, O.
Please send me classified catalog and information on buildings for_____
Type_____ Flat or Pitched
Roof_____ Size_____
Name_____
Address_____ N.B. 1-26

Nation's Business is published on the 25th of every month by the Chamber of Commerce of the United States, Washington, D. C. Subscription price $3.00 a year; $7.50 three years; 25 cents a copy. Entered as second-class matter March 26, 1920, at the Post Office at Washington, D. C., under the Act of March 3, 1879.



"Quality leaves its imprint"

The Ohio Valley Pulley Works

BROWNING PAPER PULLEYS

EXCLUSIVE MANUFACTURERS OF LIMESTONE WOOD SPLIT PULLEYS

LIMESTONE MOTOR PULLEYS

Maysville, Ky., U.S.A. Feb. 24th, 1926.

Richards-Wilcox Mfg. Co.,
Aurora, Ill.

Gentlemen:

You will be interested to know that a few days ago we had a fire in our oil room where we oil BROWNING Paper Pulleys with boiling oil under pressure, and had it not been for an R-W Automatic Fire Door it would have undoubtedly assumed serious proportions. We certainly can testify to the quality and efficiency of this equipment for no fire could have been better or spread more rapidly than the oil fire we had.

Had it not been for this protection our loss might have run into hundreds of thousands. As it was the loss was a negligible item and the fire door came through the ordeal so well that it is not necessary to replace it. Our investment of approximately $50.00 in the Fire Door Equipment was one of the very best we have ever made.

Yours very truly,

THE OHIO VALLEY PULLEY WORKS, Inc.

John A. Browning

2/cc

Insuring against the first three minutes

When fire starts, the first three minutes count infinitely more than the next three hours. Speedy action would avert dire disaster. But that is not always practicable. With R-W Automatic Fire Doors and Fire Door Hardware any doorway is made immune to the passage of the flames. At a given temperature the doors automatically close, confining the fire to point of origin. This equipment bears the label of The Underwriters Laboratories. Write for Catalogue.

The fact that R-W fire-door equipment is provided, means lower fire insurance premiums.

Richards-Wilcox Mfg. Co.

"A Hanger for any Door that Slides."

AURORA, ILLINOIS, U.S.A.

New York Boston Philadelphia Cleveland Cincinnati Indianapolis St. Louis New Orleans Chicago Minneapolis Kansas City Los Angeles San Francisco Omaha Seattle Detroit

Montreal · RICHARDS-WILCOX CANADIAN CO., LTD., LONDON, ONT. · Winnipeg

(716)

New-With Typewriter Keyboard—



Makes Your Address Plates 30% Faster—

THIS 1926 Typewriter Keyboard Graphotype embosses 700 to 1,000 Addressograph metal address plates a day. Standard typewriter keyboard—same operation! Here is the *fastest* way to make name plates for addressing machines.

"Increased Sales 53%"

"ADDRESSOGRAPH-ED advertising increased sales of one department 53% over last year."—*American Mfg. Co., Falconer, N. Y.* "Addressograph saves us $1,000 a year."—*Masback Hdwe. Co., New York City.*



8 PROFITABLE USES

1. Selling
2. Recording
3. Shipping
4. Collecting
5. Disbursing
6. Routing
7. Addressing
8. Identifying

FREE Trial Mail Coupon!

Addressograph
PRINTS FROM TYPE
909 W. Van Buren St. Chicago

MAIL WITH YOUR LETTER-HEAD TO

Addressograph Co.,
909 W. Van Buren St.,
Chicago

☐ Send Prepaid FREE Trial Hand Machine. Will return it Freight COLLECT unless we buy.

☐ Send FREE booklet: "Does Your Advertising Pay?"

☐ Send FREE sample One Piece, Card-Index, Metal Address plate and latest Catalog.

3-1-26

When writing to Addressograph Co. *please mention Nation's Business*

Practical "Waste-Control"

Help yourself to greater net profits



GOVERNMENT reports show constant growth in industrial output.

In 2 years, total production has increased 19%

In 4 years, number of plants has decreased 10%

This is peculiarly significant; the concentration means that the increase in the individual plant relatively is far greater than the total increase in output.

This growth should mean greater net profits. Does it?

Whether or not an individual plant executive can show increased net profits depends largely on his ability to control preventable wastes.

Here is an offer of practical help in three directions:

1) Through the correct lubrication which we recommend, it is often possible to make a net saving of 10% on power costs.

2) We can help you to extend the useful life of your machinery through the correct use of the correct oils we recommend. If you add but one month for each year of its useful life, you save over 8% of your investment in your machinery.

3) Interruptions in operation due to mechanical repairs and shutdowns, can largely be reduced by the correct lubrication we recommend.

You cannot possibly have maximum net profits until your plant lubrication is correct. If you consider oil as a mere item of expense, you cannot expect economy. If you buy oil for its effect on net profits, get in touch with us.

With the cooperation of your personnel, we will gladly assume the full responsibility for prescribing correct lubrication throughout your plant.

GARGOYLE

Lubricating Oils
for
Plant Lubrication

IF the Vacuum Oil Company lubricates your plant, you use an organization which has specialized in lubrication for 60 years, whose engineers and field men visit over 200,000 plants yearly, whose treatises are recognized engineering textbooks. Gargoyle Lubricating Oils are approved specifically by 225 foremost machinery builders, and lubricate industries the world over.

Vacuum Oil Company

Headquarters: 61 BROADWAY, NEW YORK

Branches and distributing warehouses throughout the country



TO START the new year let me introduce to the 210,000 business men who are reading this magazine, three interesting contributors.

Martin B. Madden is a fine instance of the business man in Congress. When he is in Chicago, he is a quarryman; when he is in Washington, which is most of the time, he is Chairman of the House Committee on Appropriations, which means that he is a chief guardian of our public monies. So when he tells you that it is you and not Congress that really cuts taxes, you can believe what he says.

Another interesting personality is Edmund A. Walsh, S.J., Ph.D. Father Walsh is the head of the School of Foreign Service at Georgetown University, and knows more about Russia than almost any other American. He spent years there. He loves the Russian people, but he feels strongly that we can have no dealings with the present Russian government. He tells why.

A. J. Brosseau, of Mack Trucks, is more familiar to our readers. When he asks who shall pay the bill for our highways, he is opening a subject of which we are going to hear a lot this winter. The whole question of state and federal partnership is sure to loom up large in the present Congress.

A statesman, a teacher-economist, a manufacturer—three good names with which to start off on our January number, and only a sample, for there are a dozen other writers just as well worth reading.

Which leads me to another thought: In such a magazine as NATION'S BUSINESS how shall we divide the space between the business man who turns author because he has something to say and the man who has something to write and makes a living by writing it? The answer to the question is plain. After all, it isn't who says it, but what he says, that counts with the reader.

NEXT month we promise you two first-rate articles by men who live by writing. Edward Hungerford, after a long stay in Europe studying the railroad situation, surprised us by saying that consolidation in Great Britain had not succeeded.

F. S. Tisdale who has told us "The Story of a Pair of Shoes," and "The Price of a Porterhouse," returns to the problem of distribution with an understandable and likable article on the cost of a bottle of milk. "From Dairy Farm to Doorsill" is what he calls it.

And that, too, is only a suggestion of what is coming in February.

TUCKED away in the back of the November number was an article "Dead Letters Mailed by Business Men" which moves Chicago's postmaster, Arthur C. Lueder, to say to us:

No business man would repeatedly send a salesman to a town that does not exist, or to see a man whose permanent address is the graveyard, or to solicit an order from a firm at the location from which they had moved a year ago, but many business men do repeatedly send carefully prepared and expensive advertising matter to towns that are not in the state named, to

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MERLE THORPE, Editor and Publisher

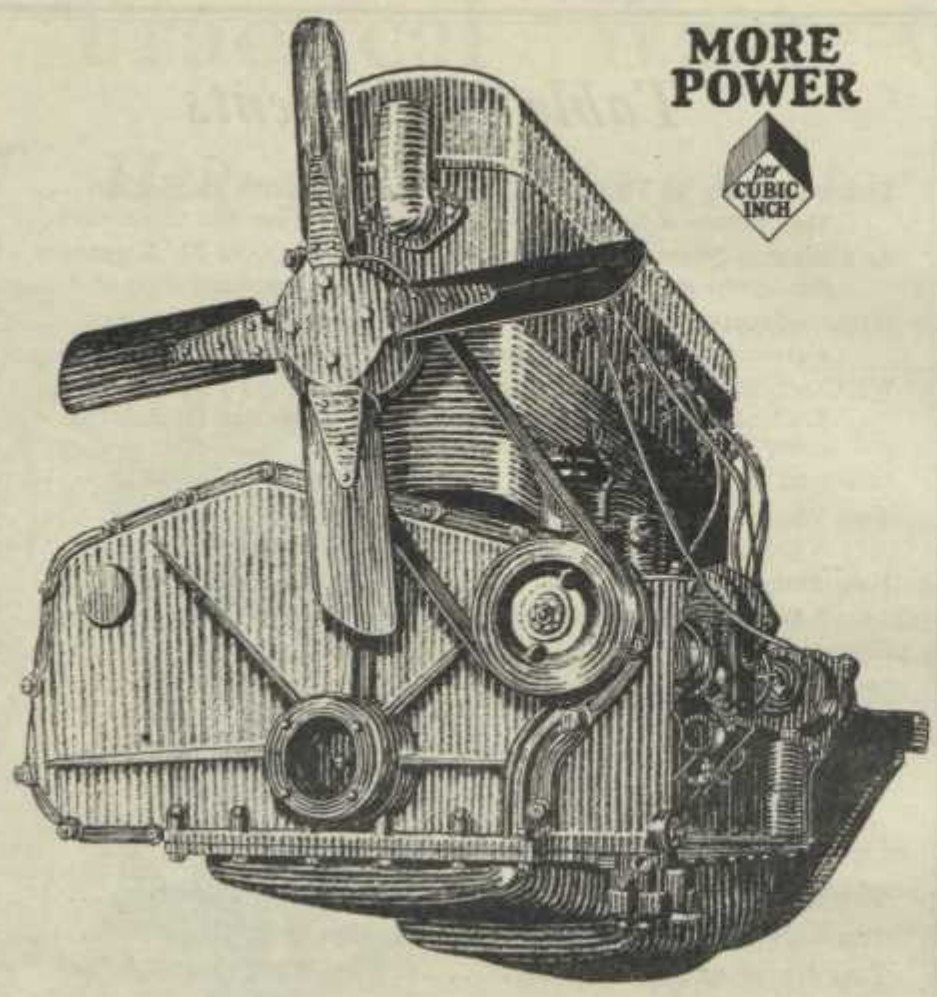
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BUSINESS ARTICLES, short or long, desired. Correspondence commending or criticising articles in this issue invited. Suggestions for future articles welcomed. Permission to reprint articles will be granted on request, or reprints may be obtained in any quantity at cost.

As the official magazine of the National Chamber, this publication carries authoritative notices and articles in regard to the activities of the Chamber; but in all other respects the Chamber can not be responsible for the contents thereof or for the opinions of writers to which expression is given.



They Cut Costs By Doing More

Wisconsin Motors—in trucks, busses and industrial installations—show a definite saving per operating day.

That fact is clearly shown by owners' cost-sheets. Wisconsin overhead-valve design saves you money by delivering, consistently, More Power per Cubic Inch of piston displacement than any other type of gasoline motor.

Precision shop work, too, produces a motor that keeps maintenance costs down where they belong.

There is another reason why Wisconsin power cuts costs for the truck, bus and machinery builder. Interested executives are invited to write for the facts and figures.

Wisconsin Motor Mfg. Co., Milwaukee, Wis.

Wisconsin
CONSISTENT



Wisconsin motors are built in a complete line of Sixes and Fours with power range from 20 to 105 H.P.

people whose names have long been carved on a tomb, or to addresses from which their prospects have moved long ago; and a circular letter is only a silent salesman after all.

This silent salesman cannot get results unless it reaches the prospect. People die, move, or go out of business; advertising to such means time, effort, literature and postage wasted. A good mailing list in a city like Chicago depreciates about 42 per cent a year. To be effective it must be continually corrected. The words "Return Postage Guaranteed" on third-class matter beneath the return address on each envelope will bring all undeliverable mail back to the sender and give him an opportunity to correct his list.

He may think the piece of mail is not worth the postage necessary to secure its return, but if he remembers that every prospect on his list costs him money and that every name should be a prospect for his goods or services and that unless the list is corrected not only one piece of mail will be wasted but ten or one hundred, limited only by the number of times the list is used, he will realize that it is real economy to keep his mailing list up to date.

If I could get the ear of the business men of the country as you can, I would have this message for them: "Mr. Business Man: Our waste baskets have no purchasing power. Why address so much of your advertising matter to them?"

IF WE ever begin a department of famous dialogues, we shall lead off with M. Caillaux's classic reply to a waiter in a New York hotel. The dialogue took place on a morning after the failure of the French debt negotiations in Washington.

WAITER: Any fruit this morning?

M. CAILLAUX: What have you?

WAITER: Honey dew melon . . .

M. CAILLAUX: *Mon Dieu!* In New York it is honey dew melon! In Washington it was money due Mellon! *Mon Dieu!*

THE National debt is being retired at the rate of approximately one billion dollars a year. State and local public indebtedness is increasing approximately one billion dollars a year.

Few words by Mr. S. T. Bledsoe of the Santa Fe Railway, but enough material to give Mr. Taxpayer something to think about through these long winter evenings.

THE Fewer Laws Club is still growing. We have now a member from Nashville, Arkansas, who is helping the movement by incorporating the idea in his advertising. He is Mr. D. J. Taylor, of Taylor's Variety Stores, who says:

NATION'S BUSINESS is correct. Like the old woman in a shoe, we have so many laws we don't know what to do. . . . If we were mentally capable of understanding our laws, we would go to the insane asylum; if we evade them, we go to jail; if we could strictly obey them, we wouldn't go to Heaven.

SOME members of our great and growing Fewer Laws Club get by the credentials committee with showing a bolt of borrowed thunder, but Jesse W. Barrett, former Attorney-general of Missouri, has won the full privileges of the order with sparks from his own battery. At Detroit in an address to the National Association of Attorneys-general he said:

Every change proposed in the statutes should be weighed and scutinized carefully to determine whether the amendment endeavors to interfere with natural laws. I repeat that the natural law cannot be repealed and that its fixed phenomena are as wholly outside of legislative control as are the seasons and the weather. Legislative interference merely means an attempted but impossible combination of statutory

When writing to WISCONSIN MOTOR MFG. CO. *please mention Nation's Business*

The plant that is considered safe from fire is often the one that is in greatest danger.

Your plant may be as well protected as it is humanly possible to make it.

But are you sure?

Perhaps it is only as safe as your own inspection service can make it.

Inspections sometimes become routine. Trifling things, big with dangerous possibilities, are often overlooked. Fire prevention devices sometimes appear efficient but prove failures in time of need.

The engineers of the Hartford Fire Insurance Company are experts in detecting fire hazards. Their work is thorough, their experience broad. They can work no miracles, but they can bring to your plant a fresh, outside view, and give you the benefit of a training secured in a company that has studied fire causes for over a century.

This inspection costs you nothing and involves no obligation of any kind. It may reveal much or it may endorse your own effort. It may possibly reduce your insurance premiums.

Isn't it worth looking into? Your local Hartford agent can arrange for it. If you do not know him, write the Company direct for his name.



An expert trained in a company that has studied fire causes for over a century.

INSURE IN THE

HARTFORD FIRE INSURANCE COMPANY, Hartford, Conn.

RADIOGRAMS



Get the Market— *in Italy*

Italy, her soil largely given over to viniculture and market gardening, imports more than 75,000,000 bushels of wheat every year.

To quote prices and close sales in Italy, leading American exporters are using Radiogram communication. Radiograms are swift, accurate, and go *direct!*

RADIOGRAMS *go direct to:*
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FRANCE
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NORWAY
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and the DUTCH EAST INDIES

Always mark your Radiograms

"Via RCA"

In New York, Boston or Washington, phone for an RCA messenger for speedy Radiogram service.

In other cities file Radiograms to Europe and South America at any Postal Telegraph offices; to Japan, Hawaii and the Dutch East Indies at any Western Union office.

Send Today for Radiogram Rate Sheet

RADIO CORPORATION OF AMERICA

RCA OFFICES IN THE FOLLOWING CITIES
NEW YORK CITY

64 Broad Street.....Hanover 1811
19 Spruce Street.....Beekman 8220
126 Franklin Street.....Walker 4891
25 East 17th Street.....Stuyvesant 7050
1824 Broadway.....Columbus 4311
19 West 44th Street.....Murray Hill 4996
264 Fifth Avenue, Madison Square 6780

SAN FRANCISCO, 28 Geary Street, Garfield 4200
WASHINGTON, D. C., 1112 Connecticut Avenue, Main 7400
HONOLULU, T. H., 923 Fort Street

CHICAGO.....10 So. La Salle Street
BOSTON.....109 Congress Street
NEW ORLEANS.....Carondelet Building
BALTIMORE.....Gay & Pratt Streets
NORFOLK, VA.....220 Brewer Street
PHILADELPHIA.....The Bourse
CLEVELAND.....1599 St. Clair Ave.
SEATTLE.....512 Maritime Bldg.
PORT ARTHUR, Texas.....Realty Building
LOS ANGELES.....453 So. Spring Street

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and natural laws, and it is only in the most exceptional cases the two will work together.

And even if that unorthodox utterance does not suggest that a lawyer and his laws are soon parted, it is refreshing evidence of the active leaven of practicality in the "show me" state of mind.

OUR SLOGAN of "every American a member of the Fewer Laws Club" shall resound with fresh determination, now that Judge Harry L. Conn, Ohio's superintendent of insurance, has given public evidence that even a law-observing lawyer has no stomach for too much law. In the course of an address to the Fire Underwriters Association of the Northwest in convention at Chicago Judge Conn said:

The legislatures of our several states seem to think there is something peculiarly alluring in formalism . . . Sometimes, when one thinks of the acts of Congress and of the various legislatures, of the orders of state highway and utility commissions, reflects upon the ordinances of city and town councils and contemplates the rules of county commissioners and boards of health, he begins to wonder whether baseball as our great national sport has not given way to law making!

Well and truly spoken, Judge. Those words assure your election to the Club. But there should be no serious doubt about the degree of national interest in the two pastimes—one plays to the grandstand through a season only and the other plays to the gallery the whole year round.

OUR foreign mail is sometimes touching. It is hard to resist a gentleman from central Europe, who writes:

I would be very thankful to you if you would be good enough to understand our bad position and send me your magazine, which was always very interesting, that I could uplift my knowledge from this valuable source.

May the heaven bless you for your goodness and liberality, and I shall never forget your good service to my person. I am also an economist and write often in Hungarian newspaper, perhaps I could sometimes be at your service, which services are always at your disposal.

IS THIS letter from a reader commending or carping?

Had a sample copy and don't like its style. It reads like the *Saturday Evening Post*—semi-jazz. I take the London *Times* and New York *Evening Post*. Like their plain method of simple business statement.

And this comes to us from Worcester, Mass.:

The articles contributed in your journal are ridiculously sketchy and superficial; they graphically give many valuable, salient items of interest, it is true, but for my purposes more scholarly treatises alone can be of assistance. Therefore . . . expunge my name from your mailing list.

OTHER men seem to have existed without a back collar button as well as Mr. Croy of Missouri, mentioned on the editorial page of the October issue, for W. B. Brown of the Durand Locker Company, Chicago, writes: "I don't believe anybody from Missouri discovered the uselessness of the back collar button, because I haven't worn one since I began wearing detachable collars. . . ."

But there is no contention over the beginning of this abolition movement—the present problem is to relax the strained relations between the one-button men organized in the Association for the Abolition of the Back Collar Button, and the equally determined

two-button men in the Society for the Preservation of the Back Collar Button.

And Mr. Brown thinks he sees the solution. If no button is used to bring up the rear, he suggests, let all collars in good standing carry a "spare" front button. His suggestion points the way out for the back button, and the way in for an extra front button—a sort of "hole in one" stroke of diplomacy. Any permanent adjustment of the number of buttons as Mr. Brown well knows, would require a good deal of buttonholing.

ONCE a year A. L. Humphrey, president of the Westinghouse Air Brake, forgets business and hustles off to a highly restricted and carefully hidden hunting club somewhere in Maryland. Wild turkeys, three days—seventy-two hours, a limit of three birds—lucky is the man who bags the limit! Had a call from Mr. Humphrey just after his annual expedition. Gloom, thick and deep.

"Why the woe? No turkeys?"

"Worse than that. Out at daybreak the first morning—all by myself; let the others go their way. Within ten minutes I ran onto a flock of two dozen and, before I thought, I shot my three and my hunting was over. Had to spend the rest of my time sitting around the shack talking to the guide while the other fellows were enjoying themselves trying to get even one bird apiece. And not another chance until next year."

Harking back to our editorial days on a struggling Kansas weekly we now give space to a "personal item":

> ¶Ye editor had the pleasure of a personal call from A. L. Humphrey, head of the well-known air-brake works and one of our first and most valued subscribers. Mr. Humphrey had just returned from a turkey hunt along Big Stranger Creek and laid a fine 26-pound gobbler on the editor's desk. It will fit in perfectly for our Christmas dinner. Many thanks, Art; here's our ☞; call again.

TRINITY COLLEGE has taken out group insurance on faculty members for $1,000. Another proof of the growing trend toward generous, kindly treatment of the unfortunate. It's only a question of years now—perhaps in our own lifetime—when faculty men will be treated as if they were human beings.

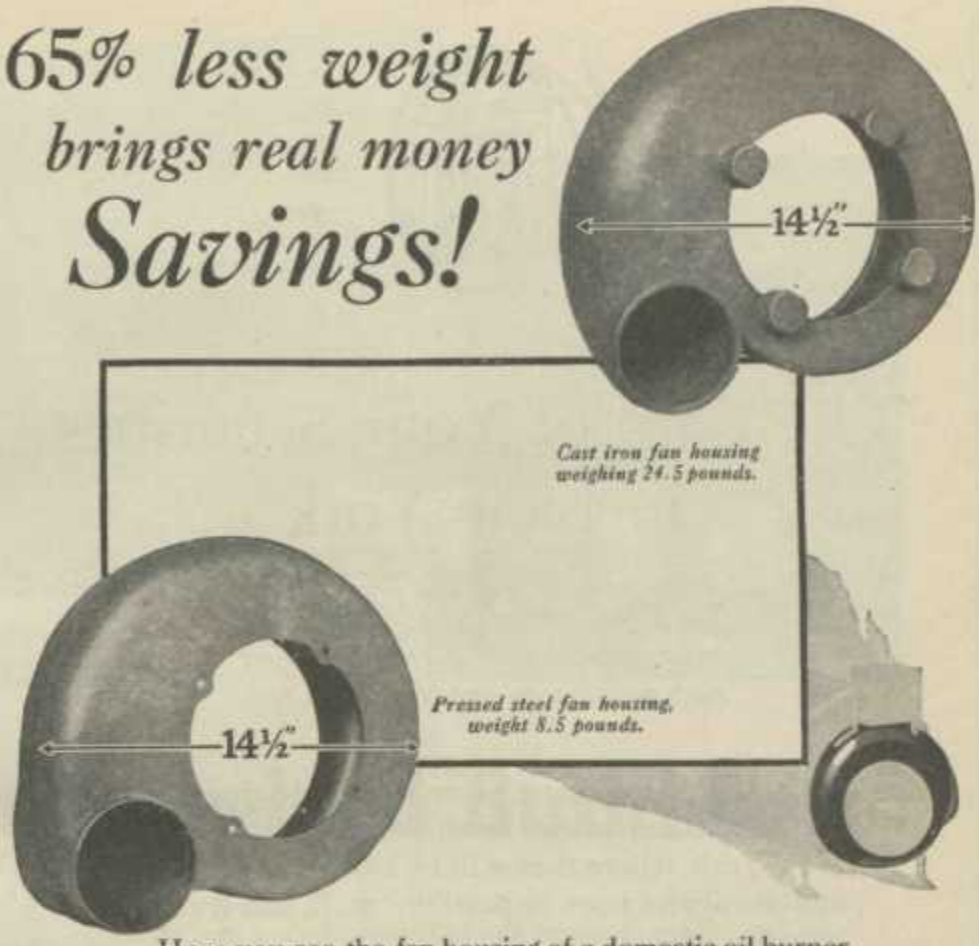
W. O. BEEMAN, treasurer of the Wichita Motors Company, Wichita Falls, Texas, liked George Woodruff's article in the November issue so well that he writes:

"Hot dog! the cat is out of the bag at last. Mr. George Woodruff's confessions in the November issue are spicy reading. He lets us poor plebeians outside the banking profession in on some sure enough secrets. The majority of us have suspected for some years that these bankers were just human beings, much like the balance of us, and it is refreshing indeed to find one of them so candid as to admit it."

SPEAKING of names—which nobody was—a letter came to us the other day from Mr. I. Papermaster, who is proprietor of The Pantorium.

PRESIDENT W. H. P. Faunce, of Brown University, having read our article by Josiah Penniman, President of the University

65% less weight brings real money Savings!



Here you see the fan housing of a domestic oil burner that used to be an expensive 24.5 pound iron casting. Today, "pressed from steel instead," this housing weighs only 8.5 pounds—a reduction of 65.3% in weight! The actual money saving which pressed steel made on this part for the Williams Oil-O-Matic Company, manufacturers of the heater, was approximately 30%.

Here are other advantages pressed steel gained:

Increased strength—Insurance against breakage—No expensive machining or drilling work—Better finish—Less air friction.

Probably you can make the same saving in *your* costs! The metal castings you now use might be pressed from steel and save you thousands of dollars yearly! Send us sample or blue print of any cast part, large or small—let us tell you how much you *can* save by pressing it from steel instead.

YPS

Adventures in Redesign—*The example above is only one of the hundreds of pressed steel redevelopments we have made. "Adventures in Redesign" is a booklet that relates equally remarkable instances wherein "pressing from steel instead" has reduced weight, increased strength and vastly improved the character of products for almost every branch of industry. Ask your secretary to mail this coupon today*

THE YOUNGSTOWN PRESSED STEEL CO., *Warren, Ohio*
"Pioneers in Pressed Steel Redevelopment"
Also manufacturers of Metal Lath, Expanded Metal, Corner Beads, Channels, Steel Basement Windows and Coal Doors



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of Pennsylvania, has something interesting to say in a letter to us about education in business:

Now we have swung—as Americans always do—to the opposite extreme, and courses in salesmanship and accounting and advertising invade what Milton called the "quiet and still air of delightful studies." Shall, then, the college become an annex to big business?

The preventive against such a danger is in training and securing teachers of wide horizon and true insight into the needs of humanity. Never again can the college be separated from the daily life of the nation. But it can permeate all industry with the spirit of science and illuminate all labor with idealistic aims. It can inculcate in the laboratory and on the athletic field that cooperation which is the essence of industrial achievement, and can carry the unselfish spirit of true science into the world of material things. The college can show young Americans that apart from mastery of nature and understanding of human nature all our toil is useless, and that only as we build on truth and justice will our structures endure. The university can never again be a cloister, but it need not be a department store. It must show us the principles—physical, scientific and moral—on which all enduring society is built.

ROBERT O. DEMING of Oswego, Kansas, appealed to the Government for information on how to put on a shirt, eat an apple, peel potatoes, shovel coal, wash a dog and adjust a dog collar, and how to pick chickens. His request was routed to the Department of Agriculture, which has issued 3,000 publications giving assorted advice and counsel. The best the Department could do, however, was to tell Mr. Deming that it had printed a bulletin on how to pick a chicken.

The Government has been delinquent in its duty to citizens when an honest taxpayer cannot get a little Government aid on the simple question of putting on a shirt. Something should be done.

WE THINK luncheon clubs are new stuff, forgetting there is nothing new under the sun. Rambling through my Addison the other day, I found that the Spectator's Club, organized by Brother Editor Addison, had some rules that have a familiar ring today and some unfamiliar. For example:

NONE SHALL BE ADMITTED INTO THE CLUB THAT IS OF THE SAME TRADE WITH ANY MEMBER OF IT;

IF ANY MEMBER SWEARS OR CURSES, HIS NEIGHBOUR MAY GIVE HIM A KICK UPON THE SHINS;

IF ANY MEMBER TELLS STORIES IN THE CLUB THAT ARE NOT TRUE, HE SHALL FORFEIT FOR EVERY THIRD LIE A HALF PENNY;

IF ANY MEMBER BRINGS HIS WIFE INTO THE CLUB, HE SHALL PAY FOR WHATEVER SHE DRINKS OR SMOKES;

IF ANY MEMBER'S WIFE COMES TO FETCH HIM HOME FROM THE CLUB, SHE SHALL SPEAK TO HIM WITHOUT THE DOOR.

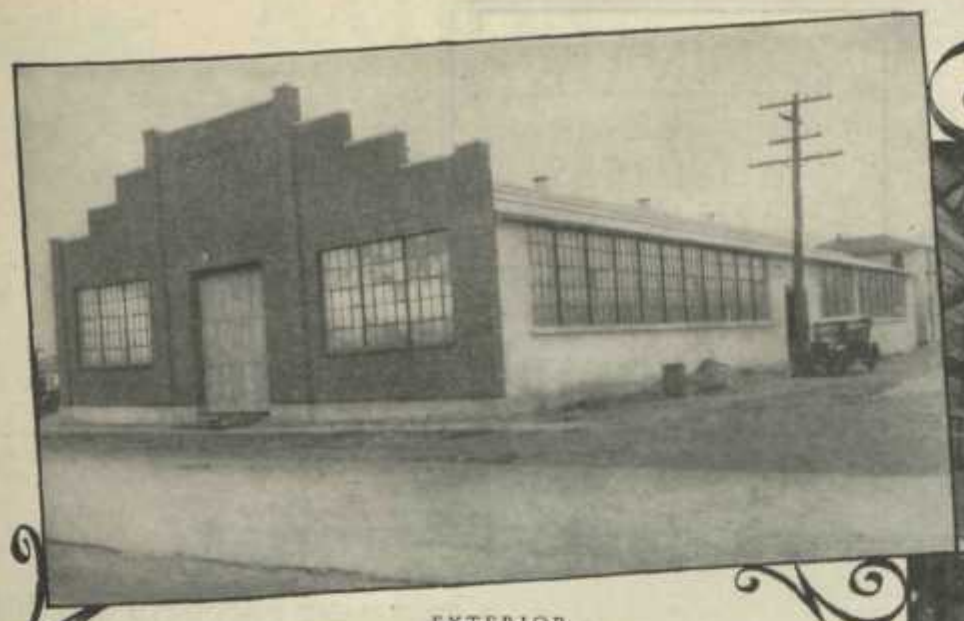
HANFORD MACNIDER, the new Assistant Secretary of War, took this one out of his suit case the first day he landed in Washington:

In a political debate between Representative Cyrenus Cole and Senator Brookhart, the Senator took all except five minutes of both men's time to show that the country in general and Iowa in particular were breaking upon the rocks, that the people were bankrupt and might as well prepare themselves for starvation and disaster.

Congressman Cole made no protest whatever about his time being usurped; he would make his speech in one minute. Here it is:

"It seems settled, then, that we are all headed for the poorhouse, but thank Heavens, we'll go there in our own automobiles."

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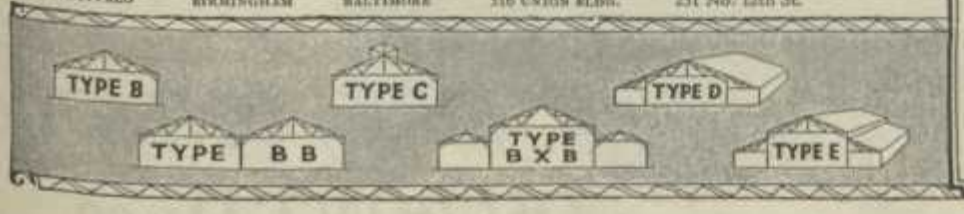
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Vol. XIV, No. 1

NATION'S BUSINESS

A Magazine for Business Men

January, 1926

Taxes? It's Up to You!

By MARTIN B. MADDEN

Chairman, House Appropriations Committee

I AM taking time to prepare this article for Nation's Business because its readers are American business men. From my experience these men are in need of first-hand facts about what Congress is doing toward economy in government. While the business man is heart and soul for saving and tax reduction, apparently he is at the same time quite ready to urge appropriations for purposes that may have a special appeal to him or to his community.

Some time ago I spoke before the Chamber of Commerce of St. Louis. No audience could have shown itself more heartily in favor of elimination of waste in government expenditures. Its approval was enthusiastic and unanimous. On my way out of the meeting-room about a dozen of those very same men came to me, individually, to urge appropriations for objects which happened to have a particular interest to them, and almost every one of them told me that his appropriation was vital to the welfare of the Government. And I believe every one of them was perfectly sincere about it, whether his interest lay in a development of Three Finger River or in the preservation of the wild rabbit.

Higher Than Usual

OF COURSE if Congress should fail to make reductions in expenditures that would be reflected in lower taxes, these same men would feel justified and would be justified in offering criticism.

High taxes result from high cost of government. What is the nation's pocketbook; how does it supply the funds with which to fill it?

The nation, so to speak, has no pocketbook. It draws from the pocketbook of the people for what funds it needs to conduct the Government, and the draft on the people's pocketbook is light or heavy, depending upon the economy or extravagance of the Government.

We are living in a period of high taxes. That is because the government costs are higher than usual, but the costs of government in the nation are not as high as they were. Those in command of the nation's Government have been devoting themselves energetically to reducing the costs since the close of the war. During the war period of course the cost was high, extremely high; indeed, the entire expenditures during the war period were more than twice as much as the cost from the day of the signing of the Declaration of Independence to the day war was declared against Germany.



PHOTO BY HENRY MILLER, WASH.

A bit of Congress in a lighter mood. The man in the center with the spats and the smile is Nicholas Longworth, new Speaker of the House. To his left is Martin B. Madden, who tells in this article how economy in government can be brought about

Surplus Created

PRIOR to the war the annual cost of the National Government amounted to about a billion dollars. In 1919, the year after the close of the war, the cost amounted to nineteen billions. That has been reduced until now it amounts annually to but three and a half billion dollars.

Since the war closed the committee over which I preside has refused administrative requests for funds amounting in the aggregate to $4,236,000,000. This has resulted in creating a surplus which has been used to pay $5,000,000,000 off the public debt, which was $25,500,000,000 at the close of the war and is now $20,500,000,000.

During the period in which this reduction of the public debt has taken place the tax on incomes has been reduced to $1,250,000,000; $800,000,000 was taken off in 1921 and $450,000,000 in 1924.

The work of the appropriating authorities in reducing government costs is neither pleasant nor easy; it is onerous, but it has to be done and we do it as thoroughly as we can; we do not allow anyone to drive us into an appropriation for an extravagant waste if we understand the situation, and we endeavor to understand the situation thoroughly.

For example, when an appropriation is requested, witnesses are called. They are required to testify on every phase of the purpose for which the money is required, and we sometimes find that the branch of the administrative service

requesting the appropriation is endeavoring to perform a function that is already being performed by another branch. Again we sometimes find that the function sought to be performed is unnecessary, and we sometimes find that the proposed cost of performing a necessary function is too high and we have to reduce it.

We analyze every request made and compel the witnesses to testify in very great detail, and unless the sort of case is made that would be required to be made by a person wishing to borrow money at a bank, the appropriation is denied.

Meal Estimate Off $7,000,000

AS AN instance, we had officials from the Shipping Board lay their budget before us for $125,000,000. When we went over the figures we found an estimate of $1.25 a day for meals for each of the 40,000 men employed on ships, whereas the actual cost for the preceding year was seventy-five cents a day.

The difference in that one item between what was asked and what was actually needed amounted to more than $7,000,000 a year. What the average business man would do if he had responsible men in his institution submit an estimate of that nature, I do not know but I have an idea. When the appropriations were finally made instead of receiving $125,000,000 out of the Treasury, the Shipping Board was given $48,500,000.

In the course of our investigation we cut all duplication and triplication in the departments and bureaus. We aim to have only one agency performing the same function. We do not always succeed in eliminating all duplication, because we do not always succeed in finding this duplication but wherever it is found it is eliminated.

It is not at all unusual with all of the bureaus and divisions and overlapping activities of the various departments of the Government to have a request for an appropriation for certain work come from one department and then in the course of time have a demand for money for almost the identical work come from another. Sometimes the item may be only $10,000 or $12,000. The only way we can guard against this duplication is by constant investigation and study.

We frequently have an agency come for money to enable it to engage in some worthwhile investigation, but when requested by the Committee on Appropriations to show why this particular agency should make the investigation, it frequently happens that no good reasons can be given. The Committee on Appropriations is always able to show whether such an investigation has already been made and if so what the result of it has been. In every such case we not only prevent duplication, but prevent actual expenditure by refusing further funds for that purpose.

Unfortunately, the Congress cannot rely for information fully upon sources that would seem to be unquestionable. Perhaps it is human nature that a man who is engaged in a certain line of work exaggerates its relative importance and makes his estimates accordingly. After the war we had a large Army and Navy and when the thoroughly trained officers made up their budgets, we found that the combined estimates for the two services including universal military training reached $2,800,000,000 a year, or almost three times as much as all of our government expenses twenty years ago.

These men honestly believed that that amount was necessary for the maintenance of proper defense for the Government and it was our business to show them how impossible their estimates were. Who was going to pay for this?

Or to take a later instance, when the Navy officials asked for $11,500,000 for surplus fuel we found that they thought they might possibly require that but proved to them in fact that they did not. They got along without it.

We have had a large personnel estimate laid before us, carefully prepared, showing that the fleet required a certain number of men, that these were absolutely necessary to the peace-time maintenance and operations. We allowed them every ship they asked under this estimate and then when we actually checked up the necessary crews for all of those ships, we found that there was still a surplus of 29,000 men without any specified duty or any specified place.

It would be reasonable for the member of Congress to expect definite support from the business men, from all the citizens and taxpayers, in this effort to eliminate waste. The country is for economy; we all agree. But let the chief of some minor bureau of the Government come before us with assessments. The moment he finds that we are cutting down what he thinks necessary, telegrams go out to organizations, individuals, over the entire country and the next morning we will have a thousand telegrams urging us to grant this particular appropriation as it is "vital to the welfare of our Government."

We have found many instances where the very men who sent us telegrams urging these expenditures have written us a few days before and a few days after demanding that we cut appropriations and reduce taxes. For a while we called their attention to this but we have even ceased that. These letters and telegrams, this manufactured influence, to spend, spend, spend, I should say right here are without effect. We feel that the responsibility lies with Congress and we are ready to accept it and all of that class of matter goes into the waste basket.

The People Must Cooperate

AT THE close of the fiscal year, June 30, last, the Government had a surplus of $250,000,000 which was applied to the payment of the funded debt. It is expected that at the close of the fiscal year June 30, next, there will be a surplus of between $350,000,000 and $375,000,000, and this surplus will be applied to a reduction in taxes amounting to something like $350,000,000.

It is hoped that the Congress, early in the new session will present and pass a Revenue Act providing for this reduction and thus give the income taxpayers of the country the benefit of the reduced rates on the schedules which they will be called upon to file on the fifteenth of March.

Nothing but the most diligent and determined effort on the part of those charged with the responsibility of conducting the Government has made the reduction of the public debt and tax rates possible.

While the National Government is reducing its expenses, the city, county and state governments are increasing theirs, so that the taxpayers are probably not paying less in the aggregate than they were before the Govern-



ment cut its expenses to the bone. The difficulty lies mainly with the people themselves; they continue to insist on government activities which ought not to be assumed and they demand appropriations which ought not to be made, unmindful that every appropriation must be followed by a tax.

If the taxes are to be reduced in keeping with the general trend of sentiment, there must be cooperation on the part of the people with the government officials who are anxious for an economical government. The people themselves cannot continue to insist on government activities unless they are willing to pay the cost.

Cities frequently shift much of their burdens as they can to the state and the state finally endeavors to shift its burden to the nation. Whichever unit of government conducts the activity demanded by the people, the people themselves pay the cost.

The best government is that which is closest to the people. The people themselves should keep a watchful eye over their government officials; they should insist on proper economy; they should demand that no government activity be engaged in which is unnecessary; they should keep constantly in mind the fact that the Government has no machinery of its own with which to make the funds to pay the bills. They should realize these bills can only be paid through tax levies; that the tax levies must be imposed upon the people and that in the last analysis, whether



the National Government or the city or state government imposes the tax, the people pay it. The people must not delude themselves with the thought that the transfer of the activity from one government agency to another will relieve them of the tax burden; it will not—it cannot, for the people make up the nation whether within or without state lines and the Federal Government is but the agency of the people wherever they may live within the confines of the nation.

You taxpayers may think that when you are passing an activity with its attendant costs from the city to the state and from the state to the Federal Government, you are also passing the taxes to the Federal Government. Think it over and you will find that eventually you yourself pay the cost just the same. The only difference is that you are putting someone in charge of that activity who is located perhaps a thousand miles away from where the work is being done. You would probably have saved money and obtained better results if you had kept the supervision in your own community.

The men who file tax schedules are not the men who pay all the taxes. The man who really files a tax schedule and pays the amount called for on its face into the Treasury, adds the amount of the tax to the cost of the article which he sells to the man who has no tax schedule to file, so that in the long run the man who thinks he escapes the tax is the man who pays it.

If this fact could be impressed upon all people, those who pay taxes direct and those who do not, it would be easy to make them understand that when bonds are proposed to be issued by governments for unjustifiable purposes, the vote cast for the authority to issue these bonds by the government officials is a vote to impose additional burdens of taxation on those who cast the votes.

If, for example, as the case now is, rents are tremendously high, those who rent must realize that there is a cause for this. What is the cause? Let's stop and think about it for a minute. Is it because the owner of the building is avaricious and demands an excessive rent that is unjustifiable or is it because the investment in the property makes it impossible for him to do otherwise?

Building costs are much higher than they ever were. An analysis of what enters into the cost might not be amiss at this point. Before the war, bricklayers, for example, laid something like 2,500 bricks a day in a 12-inch wall and received $4 a day for their work. Today, I understand they lay 650 bricks and receive $12 and $16 a day. A plasterer before the war put on 150 yards of plaster a day and received from $3 to $4 a day, whereas, now he puts on 30 yards and receives $25.

The cost of everything else entering into building and construction is in proportion to this, and hence it is readily seen that the building costs four times as much as it formerly did. Therefore, the rents are correspondingly high, so that the fact is that the man who pays the rent pays the tax, for in addition to the building cost the tax is added to the rent. So the citizen who is not called upon to file a schedule indicating his income, must realize that the burden of taxation falls upon him. If he could get that clearly in his mind and act accordingly, the costs of rents and of commodities which he is called upon to pay for out of his meager income would be reduced to the extent that the cost of building construction and taxation is excessive.

But it is not confined to building construction and taxes; it applies everywhere, and while we frequently hear it said that John Jones pays the volume of taxes, John Jones transfers what he pays to the man down the line who is presumed to pay no taxes. The remedy for this, as I have said, lies with the man down the line. He is the most numerous of our citizens. He can, by his vote, prevent wasteful expenditures in government and to the extent that he prevents this wasteful expenditure he reduces the high costs.

How often we hear the call for business methods in government. Today we have a Congress that is in fact a body working on a business basis.

Pork Barrel Has Disappeared

THE MEMBER of forty years ago would not know his way about a Congress of today. Once it was a debating society; now a business organization. "In the good old days" the pork barrel was the main point of interest; today is is almost non-existent. There are just as good orators in Congress today as there ever were but there is no time for oratory.

Congress as it stands today is the only representative of the one great unorganized class—the taxpayer, and his is the only side we can see.

We are surrounded by an almost endless number of highly organized groups, each enthusiastic about its own activity and each using every possible effort and influence to have the Government support its purposes with liberal appropriations. They can use every dollar allotted and always are firmly convinced they need more. Their friends are in every corner. It is this great massed influence that we as representatives of the unorganized taxpayers have to resist, and it takes twelve months a year to do it.

Here again I want to call attention to the fact that the people themselves have the remedy. They can demand of their officials that economy be exercised and that demand, once observed, will bring about the desired result.

Before the war the country owed a billion dollars and the annual interest charge amounted to $22,000,000. At the close of the war, as I have previously stated, the aggregate of the

national debt was $25,500,000,000 and the interest paid annually $1,024,000,000. The reduction of the debt by five billions has reduced the interest by $144,000,000 a year.

High rates of taxation on incomes have forced many people who have had to pay large taxes to invest their savings in tax free securities. For example, incomes of a certain class paid 73 per cent in taxes. That has been reduced to 42 per cent. I have always maintained that in times of peace people will not work to earn an income upon which they are required to pay 73 per cent and 42 per cent to the Government.

A maximum 15 per cent surtax rate on incomes would, I believe, yield to the Treasury as much if not more than the 42 per cent rate and I favor the limitation of 15 per cent maximum surtax on incomes. I think, too, that a 5 per cent maximum normal tax should be the limit, and on incomes from $1,000 to $5,000 I think the tax rate should not exceed 1 per cent.

Estate taxes should be abolished. The collection of this tax tends to bankrupt the estate and I prefer a live, taxpaying estate to a bankrupt, mortgaged institution which takes it out of the taxpaying class. Tax publicity should be abolished. It serves no good purpose.

If there is anything which seems absurd in our tax system it is the requirement for the payment of a tax on gifts. If a man wants to give something away why should he have to pay a tax for the privilege of doing it?

We have many nuisance taxes that are annoying and useless and expensive of collection. They should be abolished. Taxes on automobile sales, I think, may be classed as one of these. The automobile is taxed for almost everything now. In most states there is a gasoline tax and they all have a license tax. Every time the wheels of an automobile turn around there is a new tax applied.

Gas Tax the Most Equitable

THE MOST equitable tax, I think, to be applied in connection with the operation of automobiles is the gasoline tax by the states. That tax is easy to collect. It can be used for the construction and maintenance of roads and the automobile owner who pays it pays for just the amount of use he makes of the road. What is there that could be more just than that?

First and last let it be remembered that the American people have always been in the habit of demanding the things they want when they want them, and then when the time comes to pay the tax on the things they demanded and received, they complain of the high cost of government.

To obviate that, I recommend the cooperation of the people, either through organizations or otherwise, with those of their officials who are inclined to give an economical administration of public affairs. They can cooperate either as individuals or as organizations and in the creation of decent public sentiment in favor of economy in government they can present their views to those who are responsible for the conduct of the Government.

Their views will be welcomed. They are invited to present them, as far as this section of the Government goes, and to the extent that it is possible to act upon them they will receive consideration.

This kind of cooperation throughout the country among the people with the officials will bring about economy in government, reduction in taxes, more contentment, more employment, more development of industry and happiness in the homes.

As Congress Swings Into Action

By WILLARD M. KIPLINGER

THE TIME for high hopes concerning all sorts of Congressional legislation is at hand. This is the period of the session when optimistic statements and assurances of action flow freely. Leaders of Congress, sponsors of bills, prominent public citizens and trade groups are now giving currency to beliefs that Congress will surely act on the variety of proposals in which they are respectively interested.

Consequently it is a period of danger from over-expectation. Some business men are formulating policies based on assumptions which will appear erroneous as the session drags on.

It may be serviceable just now, therefore, to offer this warning: Do not believe all the statements of our respected public men concerning the prospects of bills in which they are interested. Do not accept at par the privately circulated rumors of some of our reputable business groups.

If you want to know the probabilities of action on a certain measure of legislation, go first to its friends, then seek diligently for its open enemies, and finally try to weigh the element of lack of interest. Inertia kills more bills than opposition.

Another thing, while we are speaking of Congressional procedure: Business men are too much inclined to get their heads together, agree on what should be done in the political halls of Congress, and thereupon conclude that because they all agree, it will be done. They forget the devious ways and yankings of political pressure on individual members of Congress and on the organized blocs which are always with us, whether they are generally apparent or not.

Congress is not being driven by administration influence to enact many important laws. President Coolidge said in his message, which is supposed to be the keynote for the session: "The age of perfection is still in the somewhat distant future, but it is in more danger of being retarded by mistaken government activity than it is from lack of legislation."

The Senate will accept most main features of the House tax bill, but will make many revisions, especially in the administrative provisions, which are as important as the rates. There will be strong pressure to raise the sliding scale of surtax rates to a maximum of 25 per cent, instead of 20 per cent as provided in the House bill, with the idea of getting 20 million more revenue to be used in abolishing some remaining excise and special taxes. There is little chance of repeal of the estate tax, due both to the need of revenue, and to the strong but non-vocal sentiment that estate taxes are socially expedient.

Taxes

Many Senators feel that the personal exemptions are too high, that the number of small-income taxpayers is unduly reduced. The Administration thinks so. But it takes political courage to say so, and the probability is that the House bill exemptions will stand.

The Couzens committee report, to be released in instalments, will raise doubts concerning interpretation of technical provisions of the old law, and encourage the redrafting of many administrative features of the pending bill.

Democrats and some Western Republicans will raise the cry that this is a "rich man's bill," but the practical effect will not be great, for it is generally recognized within Congress that the "rich man" is due for delayed tax reduction, and that the fortunes of most of us "poor men" are inextricably tied up with the pools of capital controlled by men of large income.

Whether the bill is enacted by March 1 is a point of great doubt. My own opinion is that last-minute wrangles and differences between the House and Senate will postpone passages until the Government and taxpayers will be greatly embarrassed in the perplexing problems arising out of the March 15 tax returns and payments.

Declaration of an emergency discount on taxes due in March is a possibility, although Republicans claim privately that they will stand out against this and seek to lay the blame for postponement at the door of the Democrats. Despite the talk of a "nonpartisan" tax program, there will be plenty of party political maneuvering and criticism. The time of enactment will depend a good deal on whether the World Court issue gets on the track.

In Senate debate you will hear a new note. Can we afford a $350,000,000 tax reduction? Is it not wiser to keep up taxes and pay off the public debt? (President Coolidge in his message made this comment on the debt: "The more we pay while prices are high, the easier it will be.") Are not the interests of men of small income better served by paying off the debt, thereby relieving the nation of part of its $820,000,000 annual bill for interest?

Is it safe to count on continuation of the past year's prosperity for revenue purposes? If a business slump comes next fall, will the government be faced the year following with a deficit? These are pertinent questions, but the cry for tax reduction will drown them out. I would not be surprised, however, if in a year from now we would not consider it wiser to have kept the tax reduction to Secretary Mellon's minimum recommendation of $250,000,000.

An amendment to abolish the tax free privilege on public bonds has no chance this year and in my opinion, for many years.

Creation of a federal commission to study tax law and tax administration continuously is fairly well assured, and is one of the most constructive provisions of the pending bill. Much tax reform will remain to be accomplished.

The World Court has more than enough

nominal supporters to insure ratification, but many of these have their private doubts, and debate on the floor will actually bring votes, which Senate debates ordinarily do not do. Opponents are stronger than their numbers. Entanglements through reservations provide the doubtful elements, of course. The Administration will exert pressure when the right time comes, and organized church influences will be a strong positive factor. Chances favor ratification.

World Court

I look for all settlements to be approved by the Senate after much adverse criticism.

Foreign Debts

The merchant marine situation is at a deadlock in Congress. The problems are too complicated, and there is too little unanimity of opinion as to what should be done, to justify any belief that Congress at this sessioin will deal conclusively with the situation. The vocal element is for favorable government contracts as a form of government aid, in lieu of subsidy, which is politically unfeasible, but the silent opposition and lack of active popular interest is a strong influence in the other direction. The Administration is for separating control of the Emergency Fleet Corporation from the Shipping Board, and most Washington predictions are that this will be done. I can not avoid doubts.

Shipping

Chances favor legislation giving railroads wider latitude for voluntary consolidations, without requiring the Interstate Commerce Commission to promulgate first its ideal fixed plan for consolidation. But some threat of compulsion, in cases where voluntary action fails, will be maintained, and there will be measures to prevent dissenting minorities from arbitrarily holding up mergers which are deemed to be in the public good.

Railroads

The Gooding bill to prevent lower rates for short hauls than for longer hauls is complicated by too many issues to make passage probable.

The McFadden branch banking bill originally was based on the idea of permitting national banks to have local branch privileges comparable to those of state banks, but anti-branch banking interests made it into a measure to stop spread of branch banking, using federal powers, including authority of the federal reserve system, to accomplish this. Such a bill can pass the House, but it cannot pass the Senate without amendments and this consideration is now causing friends of the bill to consider material amendments in the House. With these compromises, the bill might be enacted late in the session.

Banking

Democrats will demand revision downward, knowing in advance that they can not succeed at this session, but warming up the issue for next year. Many trade and industrial groups also will come in with propaganda-supported movements for special consideration. Their bills will lie in the Ways and Means Committee without action. The flexible tariff may be modified in the fight that is sure to develop between high protectionists and moderate protectionists. The high-rate men plan to bring out a new proposal surprisingly similar to the old "American valuation" scheme.

Tariff

Even under the new high rates the Post Office Department thinks it is running up a deficit, due to wage increases last year. (Dependable figures will not be available until February.) A majority of members of the joint Congressional postal commission are inclined to agree, and to oppose restoration of the old low rates, or anything like them, on the ground that this would increase the projected deficit, and that the President would veto.

Postal Rates

All classes of mail users want reductions. All cannot get them. Publishers using second class, and direct mail advertisers, using third class open envelopes for circulars, etc., are the most insistent and influential. Mail-order houses and farmers want the old parcel post rates but probably will not get them. There will be some readjustments, but chances just now are against general lowering of rates. There is a fighting chance for third class, and possibly second class, but literally it will be a *fighting* proposition.

Members of Congress are being bombarded with inspired letters on the subject, and there is some irritation. (Better keep your propaganda under control.)

Congress probably will go along with the administration plan of promoting cooperative marketing of farm products by giving these organizations better research and information service through the Department of Agriculture. Demand for legislation to segregate exportable surpluses, a revised successor to the old McNary-Haugen plan, will be very active and very vocal. Legislation to accomplish this end probably will not pass, but it will be up again next year, and the year after.

Agriculture

The farmers' cooperative marketing movement, regarded with suspicion even four years ago, is now the fair-haired child of the administration's agricultural policies. Marketing associations have practically a trade association, with headquarters in Washington, and its relations with the Administration are very close.

Bills to define conditions under which government lands, especially forests, may be used for grazing, will provide hot issues on both merit and politics, and on the outcome depends largely the fate of several western Republican senators who are up for re-election this year.

There is much talk about relaxing the anti-trust laws, particularly for the benefit of the mining industry and other natural resources, to permit more efficient development and conservation, but Congress seems to have no inclination to tackle the subject. Some trade associations want additional legislation to define their powers to gather and disseminate trade data, for the sake of stabilizing their industries, but the more aggressive associations are going ahead under the recent cement and maple flooring decisions of the Supreme Court. Some are going too far, resulting in real conspiracies to fix prices and restrain competition; some are not going as far as they legally might.

Anti-trust

Two sets of cross issues complicate the question of disposal of this collection of power and nitrate plants. One is this: Private operation under government lease vs. government operation. The Administration and a good majority of Congress are for private operation, and, in *my* opinion, government operation will never be sanctioned. The majority report of the Muscle Shoals Commission recommends private operation with government operation as an alternative. The minority report says private operation alone is feasible. The other issue is this: Should nitrate production (fertilizer) or electric power be the primary object?

Muscle Shoals

The President says nitrates, for fertilizer in peace times, and explosives in war, and this is in line with the wishes of agricultural interests. But the fertilizer industry is actively opposed, and, with its allied interests, will fight this bitterly. I would not be surprised if the Muscle Shoals question would not be settled at this session.

The Federal Government has no legal authority to deal with strikes in the coal industry, to direct distribution in emergencies, and otherwise protect the general public interest. Congress will be disposed to legislate some of the powers the President wants. Further studies of the coal industry by some government agency are likely to be authorized, but definite ideas on what is to be done have not crystalized in Congress.

Coal

One big fight will be over a bill to establish the rights of music writers and their societies for royalty on broadcast music. Another will be over the proposal to authorize the Department of Commerce to ban the use of radiating receivers, and this threatens the business of a number of manufacturers and distributors of certain sets. The Department of Commerce will be given legal authority to regulate stations, wave lengths, and so on. The Department exercises this authority now, and has for some time, but without legal authorization.

Radio

CONGRESSIONAL action on pending proposals is strongly influenced by the negotiations, conferences and agreements of organized groups throughout the United States.

This consideration has led Mr. Kiplinger to consult many national leaders and trade groups concerning prospects of legislation. He also meets Congressional leaders, who of course constitute the tribunal of final jurisdiction. By this process he formulates his own opinions of the probabilities of legislative action which are sharply separated from considerations of merit, wishes or hopes.

You can help in this work by writing your ideas, opinions, information or comments on important pending legislation. Your communications will be considered confidential. Address Willard M. Kiplinger, Care NATION'S BUSINESS, Washington. Next month, Mr. Kiplinger will present another analysis of Congressional prospects.—The Editor

When a Specialty Grows Up

By HARRY R. WELLMAN

Professor of Marketing, Amos Tuck School, Dartmouth College

WHAT is a specialty, anyhow? How long is a novelty novel? What happens when the "novelty" and the "specialty" wear off?

It's rather hard to define a novelty or a specialty. One man says, "Well, a novelty is something new and a specialty, well, a specialty performs some special service."

Just so. But a novelty may be a specialty and both may become commodities, their greatest usefulness having been to introduce the idea.

But what advertising managers and sales managers are interested in is what happens or should happen when the transition takes place, when the novelty or specialty has indeed become a commodity. Ought this to be hurried on and encouraged or should it be guarded against? How can one surely detect when it occurs and what change should there be, if any, in selling and advertising plans?

Hard Questions to Answer

DIFFICULT questions to answer but less difficult if we study the life history of some of the specialties or novelties that have become commodities. Since most of these changes have occurred during the last ten years, it is not difficult to follow what has happened.

The talking machine offers us a good primary example. Commercially introduced by Columbia, it was allowed to "die on its feet." Victor came along and made the talking machine a popular novelty and soon, almost a necessity. Then, as patents began to expire, new manufacturers entered the field, Columbia came back and hosts of special-brand instruments were manufactured and sold. Prices ranged from the Stewart at $7.50 to period designs at $1,000 and more.

Even so, the general product had become almost a necessity and had lost its individuality completely as a novelty or specialty. To win back this position in the field many improvements were introduced—the automatic stop, new process records, various electrical and other devices. Nothing really was accomplished, however, until Brunswick and Columbia introduced the "table model."

Analyzing this we find that consciously or not, these manufacturers had recognized that the talking machine had become an accepted commodity. In other words, the idea was transformed into a practical piece of furniture and its value, as a talking machine, depended largely upon whether it was made of golden oak, mahogany or walnut.

And then, just as the furniture idea was being established, radio came along. Music for nothing, entertainment without even the effort of changing the record, by the same artists, bands and orchestras. Talking-machine manufacturers at first fought radio, then seeing that it was inevitable, began to make talking-machine furniture that would enclose a radio set. Some of the manufacturers "tied up" with exclusive radio accounts, while others furnished the space in which any receiving set could be placed. Finally, we find them using their own artists to broadcast for the purpose of selling a commodity, records.

Today, the talking machine has ceased being anything but a commodity. It is constantly being improved. It can be purchased for as little as $15 or can be made in design to match the decorations for as much as $1,500.

A second good example is brake lining. When the automobile industry was new, this was indeed a specialty. With but few cars to equip, the manufacturing and experimental costs had to be applied to a few units. At the same time, it was necessary to sell the idea to the public. This was done by advertising and by high-powered sales methods—and the idea *was* accepted.

How Competition Was Met

TODAY, with some 17,000,000 cars rolling about the country, the situation has changed; brake lining has become a commodity. More than that, motor-vehicle laws have made brake lining a necessity. With the increased market came a material increase in the number of brands. Competition became and is keen. Private brands flood the market. To meet this condition Raybestos not only established service stations but also leased a machine in these stations for the sole purpose of insuring the use of Raybestos. Other companies have attempted to introduce other competitive service features.

The life history of home electric refrigeration is so brief that it offers a most excellent example. An idea in 1920, an accepted fact in 1925. The first three years were spent in expensive experimentation. Only a few machines were made and sold. Some of these proved unsatisfactory and necessitated more laboratory work. But the idea was sound and the machines performed a real service at a reasonable cost. In five years the specialty, the technical novelty, has become a commodity.

Distribution is rapidly becoming more scientific. Certain methods have been proved to be the best for the profitable distribution of specialties, ordinary commodities and necessities. For example, the small-unit, destroyed-by-use article, is handled best through the manufacturer-jobber-retailer channel. To be sure, there are manufacturers who do not use this method but if they are using the direct-to-the-retailer method, they usually have a "family of products" and spread the cost of distribution over as many items as would the jobber. Fundamentally, small-unit items will not stand the higher costs of direct distri-



Once a novelty, now a necessary article of furniture

Illustrations by R. L. Lambdin

bution because of the added cost of delivery and storage to care for the necessary small fill-in orders.

The novelty-specialty which is not of small-unit and not destroyed by use, however, must go direct because of the necessity of demonstrating the technical skill required in making the sale and the continued service requirements. Such an article needs strong advertising to secure consumer acceptance and approval. The selling costs encountered are high; the process of small manufacture as against mass production makes a high cost per unit; the resulting price limits the sale of the article to a very narrow market. But as the volume increases and unit manufacturing costs become lower, selling costs ought to decline also, and the article reach a wider market because of a lower retail price.

Applying these theories to the talking-machine business would imply that instead of making all the experimental changes that were made to keep the product a novelty, prices should have been reduced as fast as increasing mass production and reduced selling expense made this possible. This sounds easy but as a matter of fact, talking machines were and are sold by music and furniture stores, both of which sell on the instalment plan. Broadly speaking, it would have taken a cut of at least 50 per cent in the list price to turn this instalment market into a cash market.

Nevertheless, the method is right and the reason sound. Overproduction of machines caused half-price sales of Columbia, cut-price sales of records and more-than-cut-price sales of private brands. Late in July, Victor, too—the recognized leader in the business—cut the price of stock models in half. As furniture, the talking machine must be sold by methods common to that business, namely, the instalment plan. As a useful, worth-while commodity, it could be sold for cash at a lower price and a greater profit.

Brake lining is clearly a small unit, destroyed-by-use commodity. It now has no more economic right to encounter high sales costs than would lamp wicking. As was inevitable, we find Victor on the market with a new machine. The orthophonic addition of four octaves of reproduction again created a novelty at the moment not subject to the general trade conditions governing the talking-machine business. It will be interesting to watch this novelty develop into a commodity and to observe whether additional improvements or lower prices, as volume develops, are used to escape competition.

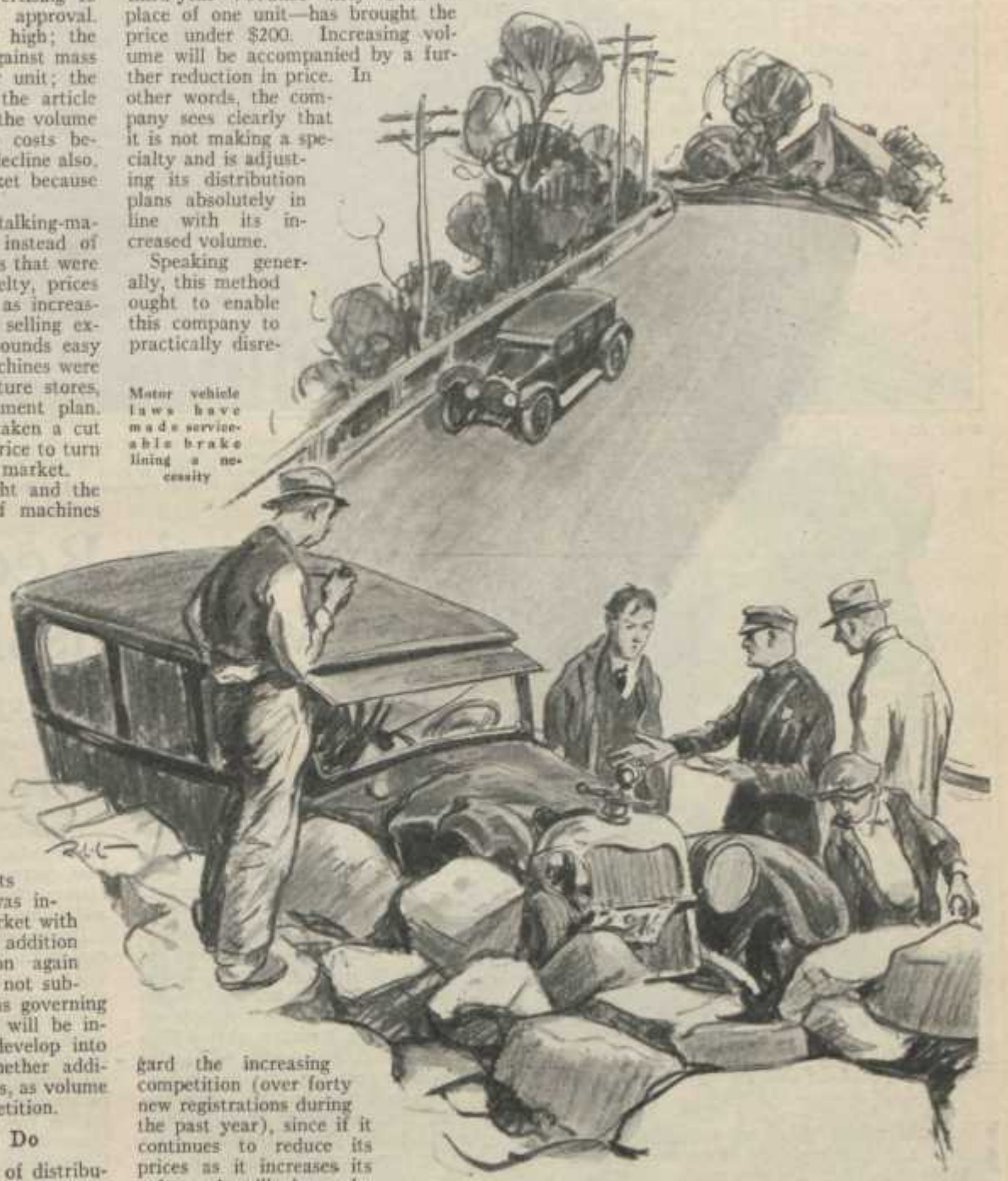
Easier to Say Than to Do

IF WE apply the modern theory of distribution, brake lining should be sold as simply as lamp wicking. It ought not to bear any service charge whatever. It should be a common jobber product reaching the market when and as needed at the lowest possible cost. Again, this was and is easier to say than to do. Brake lining is applied by specialists. That is, while there were but few cars and few garages and service stations, there were but few trained men to do this job.

Now, with a garage in every community, with service stations nearly as thick as chain stores, the service itself has become a repair commodity and should be given at a commodity price. Unfortunately, the manufacturer has to operate under conditions "as is" and so cannot, at the moment, pass on to the public the savings arising from mass production.

Perhaps the best example of modern method and proper sales point of view is offered by the life history of one of the older home electric refrigeration companies. The early machines had to bear great engineering costs. With the perfecting of the machine only a small volume was possible. The price of $500 or more netted no profit. The second-year volume cut the retail price in half. The third-year volume—fifty units in place of one unit—has brought the price under $200. Increasing volume will be accompanied by a further reduction in price. In other words, the company sees clearly that it is not making a specialty and is adjusting its distribution plans absolutely in line with its increased volume.

Speaking generally, this method ought to enable this company to practically disregard the increasing competition (over forty new registrations during the past year), since if it continues to reduce its prices as it increases its volume, it will always be able to reach the market at a lower price than any of its competitors.



Motor vehicle laws have made serviceable brake lining a necessity

Studying these three cases in the light of modern economic sales theory raises two highly interesting questions. In the last analysis, is it profitable to make minor changes in the product to insure the same or higher prices even with increasing volume, or is it more profitable to forget the specialty-novelty idea as soon as mass production has been reached, and change distribution methods and prices to the commodity basis?

The correct answer, of course, is to manufacture just enough of any particular type of merchandise to reach the market at a profit. But fortunately or unfortunately, under our competitive plan of business, no one manufacturer has the field to himself. There is no question involved when the market is lost. Manufacture of that particular merchandise ceases or new markets are found elsewhere. In the expanding market, however, the manufacturer must adopt one of two methods; namely, either attempt to maintain his place in the field by slight improvements, new designs, etc., or reduce his price to reach the expanding market better than his competitors.

Holding the price of a novelty which by consumer acceptance has become a commodity, at a high level, simply paves the way for the private brand to enter the field at a lower price, because of lower selling costs through the commodity channels.

The second plan, namely, reducing the price as the volume increases and the market widens, and at the same time reducing the cost to sell by adopting new selling methods warranted by volume, seems to be sound both in theory and in practice. It works *with* the law of supply and demand; it does not open the market for competitors; in fact, it very definitely uses the volume to keep out competition.



Soviet Russia, defying other religions, is building up a religion of its own. Here is its shrine. Under a subdued red light always burning in this edifice, lies exposed to view the embalmed body of Lenin. Pilgrims from all parts of the country file past it daily. When this picture was taken Soviet leaders were addressing workmen gathered in Red Square below

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By such men as these will Russia's greatness be built, but now not a peasant owns one square inch of land

We Can't Recognize Soviet Russia Yet

By EDMUND A. WALSH, S.J., Ph.D.

Regent, School of Foreign Service, Georgetown University

IF I AM asked, "Shall we recognize Russia," my first reply is likely to be another question: "Do you mean the Russian Government or the Russian people?"

To the first I say, "No." To the second I say unhesitatingly, "Yes." We have always recognized the Russian people. On one of the fairest pages in the history of our international relations is written the story of American aid to the Russian people during their mortal agony in 1922 and 1923. But states do not recognize peoples; they recognize governments and the government of Russia we cannot, in my opinion, recognize at this time.

I can agree with certain advocates of Soviet Russia that it should be possible to establish that intercourse and normal friendship which are always desirable between countries as great in extent and in number of people as those of the United States and Soviet Russia. But this can only come about from mutual understanding and respect. Without these preambles to international friendship diplomatic relations become impossible—or at best an armed neutrality maintained in cynical hypocrisy.

From much personal experience in Soviet Russia and after extended observation of Bolshevism in action, I realize what a difficult process it will be to acquire such respect for, and understanding of, the Soviet Government. Men who have never known slavery or the abuses due to the domination through centuries of a feudal nobility can have neither sympathy with the aims of Bolshevism nor aught but reprobation for the inhuman excesses of the Revolutionary period.

But with the passing of time such memories will become less vivid, leaving, I think, a distinct obligation on those versed in international relations to make clear the obstacles that still prevent our following in the footsteps of certain major European powers with respect to Soviet Russia.

The ideal presentation of these obstacles should be dispassionate, neither pro-Bolshevik nor anti-Bolshevik. It should be American. And being American it must of necessity seek its preambles in purely American sources, standing fairly and squarely on the Declaration of Independence, the Constitution of the United States, the decisions of the Supreme Court and the traditional policy of the Federal Government in the recognition of newly constituted states.

For minds untrained in analysis it is becoming increasingly difficult to distinguish between basic principles of sound public policy and certain considerations of a purely business and commercial character.

Private corporations, individual traders and concession-hunters with no public obligations will naturally seek to advance their own financial interests; but officers of an elected government are obliged to base their conduct on a different set of principles. It is absolutely beside the mark for those entrusted with the destinies of the American Commonwealth to be bombarded with evidence purporting to establish the great possibilities for American business in Russia, the practical failure of Communism, the New Economic Policy, the attempts to establish a public school system, balance the budget, develop hydro-electric power, grant mining concessions or stabilize the currency.

The Aims of the Bolsheviks

I AM FULLY aware, as Alfred Pearce Dennis remarks in his excellent book on "Soviet Foreign Relations," that politics and economics are but two sides of the same coin; but I believe it a bounden duty to repeat and keep on repeating that these particular indications of a return to right reason, welcome and hopeful signs though they be, still leave the depths of the Russian problem untouched.

Hitherto the existence and inviolability of the Natural Law and the Law of Nations were among the preambles ordinarily assumed and

acknowledged by the power seeking recognition, so that the power according recognition has been enabled to confine its inquiries to the political question of legitimacy—or to the *de facto* possession of the organs of government. But in the present case we have a government seeking officially admission into the consortium of civilized nations at the same time proclaiming publicly that not only does it repudiate the accepted usages that have made internationally organized society possible, but that it intends to destroy the entire fabric of existing society, in order to reconstruct all things on a socialistic basis! The force of international and municipal law is scorned as a bourgeois creation and evident truths of the natural law are swept into the discard in a deification of Karl Marx and Nikolai Lenin.

It would be superfluous to prove these assertions, as the Bolsheviks will, I think, admit them all and agree that I have not overstated their aims. We who have lived among them for nearly two years heard this program reiterated with a significant similarity of phraseology, from Petrograd and Moscow to the smallest hamlet in the Crimea and the Kuban, and from the Polish frontier to the Ural Mountains.



A poster carried at Moscow last November during the celebration of the eighth anniversary of the Russian Revolution. This represents the capitalist in the power of the worker



All Soviet propaganda is devised to be easily understood by the peasant mind. This parade float is promising the worker a bigger and better home under the new form of government

Contempt for Existing Law

LENIN'S pronouncements were full of contempt for existing international law. Trotsky, in his preface to Anna Louise Strong's "The First Time in History," exultingly hails the passing of anything like an ethical standard in international relations, maintaining that the *class struggle* alone can furnish a valid criterion of right and wrong. Lenin's successor, Premier Rykov, in the spring of 1924, explained to an American journalist in Moscow the Soviet attitude regarding concessions and the rights of foreigners:

> Instead of referring to juridical or international laws, we always refer to our own interests.

Zinovieff, during the Anglo-Soviet negotiations in 1924 assured the English people:

> If a revolution comes in England we cannot promise MacDonald that we will keep our word regarding the payment of interest and principal on this loan. On the contrary, we promise that we will break it, and once more repudiate our debts, although, unfortunately, we cannot yet fix a date for the English revolution.

And barely three months ago, on October 3, 1925, Tchitcherin, Commissar of Foreign Affairs of the Soviet Union, in a two-hour interview granted to foreign correspondents in Berlin, reaffirmed the Soviet attitude in respect of international agreements:

> We cannot see the value of arbitration treaties for Russia, since the fundamental difference between our political structure and that of other powers bars us from finding a really unbiased arbiter. Either the arbitral judge would favor our system or he would be against it. Non-aggression compacts are feasible, perhaps, but I cannot see much use in them. If one wants to make war one will not be prevented by a non-aggression compact.

That is to say, the exclusively *class character* of the Soviet state will permit it to respect only decisions in favor of Communist ideals. This is an extremely important pronouncement from the spokesman of Soviet Russia. For, as the distinguished Senator from Idaho, Mr. Borah, maintained in his speech made at Bridgeport, Conn., on April 2, 1925:

> It is said that I am opposed to the World Court. Without an established body of international law under which to operate it would be no court at all. It would be a tribunal controlled undoubtedly through power of politics, not of law. Furthermore, if there is a body of international law, then there must be a determination upon that part of the people to respect that body. The question of peace at home and peace abroad is largely an attitude of peoples, of nations and what they have established in the principles of law.

Sound American doctrine, to require respect for International Law! Soviet Russia scorns it and openly declares she will have none of it. Yet I read that Senator Borah urges recognition of Soviet Russia! Curious logic!

Then, too, there is the confirmation furnished by the new Soviet Constitution, which obviously will be accepted as the

authentic expression of Soviet ideals. Hitherto the United States recognized a definite geographic and political entity known as Latvia, as Lithuania, as Poland, as Esthonia, as Czechoslovakia, as Greece, or Mexico, and so following.

The recognizing government knew precisely the territorial boundaries of the new state and recognized the existing government as the *de jure* ruler of a given territory. The Constitution of these countries claimed no jurisdiction, either actual or potential, beyond their own territorial frontiers or colonial possessions, if any such existed.

But by the adoption of the new Soviet Constitution on July 6, 1923, a new state was proclaimed and a situation created which in my opinion materially alters the entire problem. The United States Government is now expected to recognize, not Russia, which no longer exists as a treaty making power, but a *Union of Socialist Soviet Republics of the World*. Six states have already joined this Union:

1. The Russian Socialist Federated Soviet Republic.
2. The Ukranian Socialist Soviet Republic.
3. The White Russian Socialist Soviet Republic.
4. The Transcaucasian Socialist Soviet Federated Republic (the latter comprising the three contiguous regions of Azerbaijan, Armenia and Georgia).
5. Khiva, Bokhara, Turkestan and the Khirgize Republic (mid-Asiatic group).
6. The Moldavian Republic, along the Roumanian frontier.

Union to Embrace World

THIS Union, as described by its founders, is intended to embrace, eventually, the entire known world, every other country, including the United States, being invited to join as a constituent state. Whenever the invitation is refused the recalcitrant country is to be forced into the Union by revolutionary uprisings. Section 1 of the new Constitution clearly divides the world into two camps, that of "Capitalism" and that of "Socialism" while its closing paragraph declares that the union of the republics therein mentioned in the first decisive step *towards the union of the toilers of all countries into one world Soviet Socialist Republic.*

This official declaration of a sovereign state in its fundamental law thus repeats and sanctions the individual pronouncements of Soviet leaders. Tchitcherin, Commissar of Foreign Affairs, announced on November 6, 1919:

> The November Revolution, the first act of the world Social revolution at once placed the Russian Soviet Government at the front of the revolutionary movement of the world as the herald and inspiration of the proletarian revolution.

In order that there might be no ambiguity as to the exact manner of the Soviet Government's "inspiration" of revolution in other lands, Trotsky, Commissar of War, delivered a detailed instruction to the students of the Moscow Military Academy on May 5, 1924. He outlined the successive steps to be taken by Soviet emissaries in order to foment civil war in countries to which they obtain admission under diplomatic protection. Foreign editors at the time commented with amazement on the war lord's "Manual of Civil War." After enumerating the various stages in a revolutionary uprising, viz., the period of technical preparation, the period of open warfare, and the final period of consolidation (this is the Cheka's hour in which opponents "are liquidated"), Trotsky frankly said:

> Our ambassadors, consuls, military attachés and so on must supply machinery for new material.

Krassin, Soviet Ambassador to Paris, repeats the official Soviet program in his statement of April 20, 1923:

> The basic task of the foreign policy of the Soviet power is first to make it easy for the world revolution in securing the maximum conditions guaranteeing peace (for us), i.e., recognition *de jure*, and economic aid, loans, credits, etc. The world revolution follows a laborious path; we have no miraculous means of making things easy for it. The most efficacious way to smooth the path of the world revolution and aid it is to strengthen the Soviet State, the labor-peasant state.

Mr. Krassin reduced his doctrine to such practical forms on his arrival in Paris that M. Briand, Minister of Foreign Affairs of France, summoned the Red Ambassador to the Quai D'Orsay on April 28 of the present year and issued a warning against any further revolutionary propaganda against the French Government directed from the Soviet Embassy in the Rue de Grenelle.

The list of other governments which have been obliged to protest to Moscow—and in many cases expel Soviet diplomats for their attempts to foment civil strife in the capitals to which they were accredited—is too long for citation here. Senator King, of Utah, submitted to the U. S. Senate on April 24, 1924, a detailed report of Soviet violations of treaties, together with the official protests from injured governments complaining bitterly against the efforts of Soviet diplomats to spread sedition abroad.

The new Constitution of the Union of Socialist Soviet Republics is eulogized by its creators not as an isolated historic fact but as a step in the accomplishment of a definite policy. To visualize this progression, the previous seal of Soviet Russia, adopted after the Revolution of November, 1917, has been modified and Article 70 of the new Constitution provides for the new insignia, which we began to notice in Moscow in the summer of 1923.

It consists of a sickle and a hammer mounted on a terrestrial globe on which the two hemispheres are visible, with a certain number of the countries depicted in red, the implication being that the redness is to envelop all the others in due time. The whole is surrounded by sheaves of grain bearing the inscription in six languages: "Proletarians of all countries, unite."

Article 71 provides that the Capital City of this World Union shall be the city of Moscow.

Now, I suggest to the readers of NATION'S BUSINESS that what the United States Government is asked to recognize, with all the implications and obligations of recognition, is not Russia, but an Idea; a new Political Science, a new theory of Government which is diametrically and militantly opposed to the Constitution of the United States, which it seeks to destroy.

There is no question here of propaganda by individual zealots against American institutions, but an open avowal by the Soviet Government of its firm determination to create a Socialist League of Nations to which all countries and peoples must one day submit, not in theory only, but in fact and practice. Nor can this aspect be disregarded or lightly dismissed on the grounds that it is obviously fantastic, impossible of achievement and probably intended for "domestic consumption" among the more radical Communists inside Russia. In international relations full credence must be accorded to official documents, notably to Constitutions which embody the organic law and describe the internal structure of sovereign states.

LEADING figures in American banking and industry met at dinner with Russia's commercial agents in New York December 10. News of this meeting came to this country by way of Russia. Moscow hailed it as important, as evidencing a desire on the part of American business for a recognition of Soviet Russia.

Shall we recognize the present Russian government? The Rev. Edmund A. Walsh, Regent of the Georgetown University School of Foreign Service, says "No"; says it clearly and forcefully. Here's the best exposition of the case against Soviet Russia we have yet seen.—The Editor.

Impertinence of Soviet

IT IS not so much the actual danger threatening the United States to which I invite attention; it is to the international impertinence, which our Government, with sound reason, is refusing to tolerate.

But even if assurance is given—and the promise fulfilled—that no such subversive propaganda will be conducted on American territory, there still remain those very practical problems which confronted even relief workers in Russia.

For—as American Secretaries of State have more than once explained to visiting delegations which urged recognition of Soviet Russia—no government can forget or renounce its obligations to its own nationals resident on foreign territory. The American Government has, it seems to me, correctly pointed out that recognition means intercourse, and business intercourse with Russians on Russian territory must be conducted in accordance with Soviet Law.

The American merchant or manufacturer, or professional man who elects Russia as the field of his endeavors must be prepared to receive the same legal status accorded to Russian citizens of his class, as was clearly communicated to me personally by the Soviet Government in July, 1923, on the cancellation of all special relief agreements. This involves under the present legislation, if I am not greatly mistaken, the following disabilities:

1. He can never become an enfranchised citizen if his business requires him to have a few men working for him. [With temporary modification noted below.]
2. If he owned property previously he finds it on his return arbitrarily confiscated by the Government without the slightest process of law or thought of compensation.
3. He cannot acquire land or property for business purposes. [With temporary modification noted below. It is universally believed abroad that the peasants have been given the land which they cultivate. The exact opposite is the truth. Today under Bolshevik law, *not a peasant in Russia owns one square inch of land.*]
4. In the development of such business enterprises as he may be permitted to undertake, he must admit the state as a partner who practically determines business policy and takes a substantial share of the profits (if any), and who retains and exercises the right to dissolve businesses

when, where and as it shall please a small group of men unknown to the investor.

5. Should a dispute arise his word avails practically nothing in the courts against the testimony of a member of the Communist party.

6. He is obliged under the Labor Code to agree that his business shall, to all intents and purposes, be conducted and controlled by a committee of workmen acting in the interests of the Russian Labor Union. Foreign trade is the exclusive monopoly of the state. The result in industry was chaos and an enlarging of the economic vacuum. The Russians have a wise proverb of their own, but it was lost on the Marxian theorists—

"With seven nurses the child is blind."

7. Children are considered the property of the state. If left in the parents' custody for the moment it is only because the state is not yet prepared to accommodate in its public asylums such a large number of state wards. But the principle of practical state ownership of the child was reaffirmed by the Soviet Department of Justice in its official bulletin on September 15, 1923, and in the Government organ *Izvestia* on September 16, 1923.

8. He shall not provide for his children any education except that prepared for the extension of the Communist idea by Lunacharsky, Radek, Bukharin, or other authorized exponents of revolutionary philosophy.

9. Should he attempt to provide religious instructions for his or any children under 18 years of age, he commits a crime punishable by one year imprisonment. But should the Central Executive Committee so decree this correctional penalty can be enlarged into the supreme penalty of death, under authority of Article 33 of the Criminal Code. The Soviet State still considers itself at war with God.

10. He is also liable to be shot, if for example, he contributes some notable help to his own country, even in time of peace. For what else do these words mean in Article 57 of the Criminal Code:

"Any support given to those sections of the international bourgeoisie, which do not allow equal rights to the Communist system of ownership . . . are likewise to be considered counter revolutionary acts."

(All counter revolutionary acts are punishable with death).

Some minor modifications have been made in respect of the first three disabilities during the past year. But it must always be kept in mind that the "improvements" are only tolerated concessions wrung from the government under the relentless pressure of economic necessity. They are nothing but administrative measures, and can be revoked at the discretion of the Executive Committee. They are not embodied in the fundamental law.

In all his dealings with Soviet Justice, which is admittedly class justice, the American taking up residence in Russia must never overlook the fact that his life, as well as his property, his business and investments, are to all intents and purposes, at the disposal of the Central Executive Committee which claims such power under Article I of the Civil Code, from articles 33 and 57 of the Criminal Code and in virtue of the "*Special Regulations for the Judiciary*" proposed by Acting Commissar of Justice Krilenko and accepted by the Central Executive Committee on October 23, 1922. Among these regulations you will find the following significant words:

"If a sentence does not correspond with the spirit of Bolshevik legislation, it can always be cancelled." (This means cancelled by the Central Executive Committee.)

At this point, one may piously hope that the Americans interested in the Lena Goldfields concession and in the Harriman manganese deal have pondered long and thoughtfully over Article IV, Section 20 of the Soviet Constitution which says:

The Central Executive Committee of the Union of Soviet Socialist Republics shall have the right to veto or suspend all decrees, regulations and ordinances of the Presidium of the Central Executive Committee of the Union of Socialist Soviet Republics, of the Soviet Congresses and of the Central Executive Committees of all the constituent Republics, and of all other government organs within the territory of the Union.

In other words, absolute and complete control of the destinies of Russia and all business in Russia is here concentrated in a small group of tried and true members of the Communist Party. In order that no doubt might exist as to the all-embracing jurisdiction of the Central Executive Committee, the framers of the Constitution carefully added "*all other government organs.*"

The social and economic aim of all Bolshevik law is to destroy a certain class of human beings called contemptuously "bourgeoisie," to effect the confiscation and nationalization of private property and to bring about the dictatorship of the Communist Party throughout the world. The conclusion is clear. There are no rights for citizens or foreigners in Soviet Russia outside the Communist Manifesto of Karl Marx.

Is it not a valid conclusion that the Constitution and codes of Soviet Russia acknowledge no rights at all, natural or civil, but only tolerate certain practical possibilities so long as they operate for the advantage of one privileged class, the Communist Party?

I feel (and I believe that such is the mature judgment of a large body of American citizens whose patriotism I defy any man to challenge) that no real progress is possible, until the Soviet government, of its own initiative, introduces such reasonable modifications into its customary procedure as will enable American statesmanship and business to respond to invitations for recognition, while remaining true to their domestic obligations as well as to our known and demonstrated sentiments of friendship for the Russian people.

How soon will the Russian government make it possible for America to hold out a helping hand again for the economic salvation of a great land and a lovable people?

"Niagara in Politics"

Review of a Book Which Points a Lesson in the Handling of Muscle Shoals

By NIXON PLUMMER

Is it whipping a dead horse to talk further about the situation in the government-owned power system in Ontario? Not so long as Senator Norris, having prepared himself by a visit to Canada, is ready to hold up the Ontario "Hydro" as an instance of the blessings of government operation and an example of what we ought to do at Muscle Shoals.

The Senator from Nebraska was outraged when in NATION'S BUSINESS *a distinguished American engineer who had studied the Niagara power system set forth its weaknesses.*

Now comes a Canadian economist who in far stronger words says that the "Hydro" has failed.—THE EDITOR

THE LATE Dr. James Mavor, emeritus professor of political economy in the University of Toronto, completed "Niagara in Politics" a little while before his death a few weeks ago, in which he analyzed from the viewpoint of a scholar, the political background and meaning of the government-run hydro-electric power system of the Province of Ontario, Canada.

This power system is the model which advocates of similar government activity by the United States would follow in the development of Tennessee River. Dr. Mavor's publication came on the scene about the same time that Senator George W. Norris, of Nebraska, was announcing that he would renew his fight in Congress for this project, having but recently visited Ontario for a personal inspection.

Canada's Problem Interests Us

"NIAGARA in Politics," dealing as it does with the parallel of what is proposed at Muscle Shoals, but without mentioning that American problem, is full of striking illustrations of particular interest in the United States at this moment. In it Dr. Mavor, fully reviewing the history of "Hydro" in Ontario, unequivocably condemns its system for a long list of fundamental reasons. Its chairman he describes as having been the "Dictator" of that Province for twenty years. The methods adopted for suppressing criticism and controlling public affairs, the courts, the press, and even the pulpit, are pictured plainly as "a reign of terror."

Dr. Mavor claimed that the Hydro-Electric Power Commission of Canada from its beginning "has acquired a strange hold upon Ontario, plunging it into over two hundred millions of debt and embarrassing its finances and its credit." He declared it had swallowed up its opposition through the popular method of lower-than-cost lighting rates, that the people and the press "have placed their necks blindly under the yoke of the politicians," and that by monopolizing the political interest it had succeeded "in effectually disposing of the two-party system by which provincial governments had previously been placed in power and dismissed."

Last winter Samuel S. Wyer, for the Smithsonian Institution at Washington, made a scientific study of "Niagara Falls, Its Power Possibilities and Preservation" in which he pointed out, among other things, a number of matters in opposition to the public-owned system of Ontario. His pamphlet was vigorously criticized by Senator Norris in the Senate, the Smithsonian Institution was assailed, and NATION'S BUSINESS was attacked because it published an article by Mr. Wyer. Sir Adam Beck, head of the Hydro-Electric Power Commission, replied at length in an offended tone.

The conclusions by Dr. Mavor, while they bear out those held in this country by opponents of government operation of industry, are decidedly not those of a man of big busi-

ness. All of his life Dr. Mavor has been identified with higher education and with pure research problems. In addition to his professional duties he was at various times intrusted by the British Board of Trade and the Canadian Government, as well as by important charitable and economic organizations, with investigations of labor conditions, immigration, railway rates, copyright, grain production and transportaiton, and other subjects.

Born in Scotland, educated at the University of Glasgow, once editor of the *Scottish Art Review*, and again professor of political economy at Saint Mungo's College, Glasgow, there is no evidence that he was concerned from the American point of view with the distinct problem of Muscle Shoals, or that his volume was timed to combat the establishment of the Ontario hydro-electric system there. His books are those of a student, like "An Economic History of Russia," "Wages, Theories and Statistics," "Currency Reform," "Notes on Art," "Report on Immigration into Canada from Europe," "Taxation of Corporations in Canada," "Railway Transportation in America," "Taxation in Upper Canada" and "Economic Survey of Canada."

Because of the term "progressives," which is sometimes applied to those favoring government ownership, or operation, there is a bit of interest in Dr. Mavor's introductory reference to the history of national policies of that sort. He stated that "in the Middle Ages, before the growth of capital had reached any great dimensions, the exploitation of natural resources was in general undertaken by governments," but that in modern times the growth of capital under private enterprise, and its distribution has made such action unnecessary.

Opposes Government Operation

"THUS," he added, "for a modern government to embark in the operation of industry in a developed country is not only unnecessary but so far from being an indication of progressiveness, is an indication of reversion to long abandoned and even archaic practice."

"Niagara in Politics" has reviewed the situation surounding the famous scenic spot on the American-Canadian border long before the development of hydro-electric power, and the picture embraces both sides of the national boundary line during their growth.

"For more than fifty years," said Dr. Mavor, "every observant tourist who found his way to Niagara Falls has been impressed by the vigorous industrial development on the American side and the complete absence of any such development on the Canadian side of the Falls. While some of the reasons for this difference lie in the general economic history of the respective countries, importance must be attached to a difference in the attitude of the people of the two countries, especially during the period of the great development on the American side.

"In the United States the presumption was strongly in favor of private enterprise, up till recent years even of unrestricted private enterprise. In Ontario during more than twenty-five years, positively, and during a longer period, incipiently, the presumption has been against private enterprise. The consequences of these divergent attitudes are seen in the industrial development of the New York side and the absence of it on the Ontario side."

Niagara was not in politics until 1902, but in that year there began a series of political controversies in which municipal councils and the Provincial Legislature were alike engaged, according to the writer, which were promoted and followed by a movement "the full consequences of which to the Provincial financial credit and to the character of Provincial administration have yet to be realized." With this frank attitude Dr. Mavor sketched the long and stormy growth of the movement as a political operation which he concluded is getting worse and worse.

The agitation over obtaining electric power for the municipalities continued until the creation in 1905 of the Hydro-Electric Power Commission which, it was claimed, was backed by great propaganda for public ownership scorning "the idea that the carrying out of their projects involved spoliation." The promise of "cheap power," according to Dr. Mavor, made the Hydro-Electric Commission the real government of Ontario from the spring of 1906 onwards.

Commission Has Political Power

THE first steps were to get legislation which, it was said, were controlled by the Commission instead of by the municipalities. These were followed by a period of political propaganda, and enlargement of the political field of patronage with young men from college to advertise and promote the development by personal visits to farmers and property owners, ostensibly for arranging the necessary "easements" and the like.

Dr. Mavor asserted that "the policy of overstaffing its offices and its plants has been deliberately pursued by the "Hydro-Electric" and that an excess of 50 to 60 per cent in the employes would not overstate the case. A "canvassing agency" that is active in elections and that "may be brought to bear upon recalcitrant government or a hostile local critic" is maintained while "the chloroforming of the press is not less ingenious and well organized."

"The Conservative press," it is declared, "must support the Hydro if not in every detail, in principle, because the Hydro supports the Conservative Government and keeps it in power. The Liberal press supports the Hydro because to attack it as a scheme of the Conservative Party, which it was, would under existing conditions, be fruitless and because the Liberal newspapers in general have deeply committed themselves to a policy of 'public ownership' although the meaning attached to that expression and the extent which 'public ownership' is advocated are variable."

It was further stated that the municipal politicians assisted the Hydro and that it "had means of rewarding its friends either by conferring benefits upon the communities to which they belonged and from which gratitude towards them might be expected, or by benefits of a more direct and personal order." Cheap power is questioned as the chief motive of those who advocated it before the public.

Hydro Makes Use of Clergy

INFLUENCE was obtained from the clergy in more than one denomination, but "conspicuously," according to this author, in the Methodist Church "which for many years has been very strong in Ontario," and leading lay members of which are described as presidents of banks and other financial institutions, or otherwise "pillars of society."

That Hydro obtained a series of acts from the Legislature condoning violations of law and controlling the courts for its benefit is one of the startling assertions of Dr. Mavor, who claimed that with this legislation "the Commission removed any legal obstacles which stood in the way of the prosecution of their designs."

One act, he said, placed the Commission "in a position of immunity from prosecution on the ground of arbitrary interference with or of injury to property." This law recited that no action should be brought against the Commission or any member "for anything done or omitted in the exercise of his office without the consent of the Attorney General for Ontario," and Dr. Mavor declared "it is clear that such a clause practically made the Hydro Commission an irresponsible body." He claimed furthermore that a number of acts were committed which had to be legalized by subsequent legislation to make possible the sale of the Commission's bonds.

"While the Hydro," he continued, "was closing the courts of law against persons who might feel aggrieved by its proceedings, it did not scruple to appeal to the courts when such a course of action suited its purposes."

Contracts made and the abuse of power by the Ontario Government and the Legislature were attacked, Dr. Mavor contending that they were permitted to exercise "almost sovereign powers" with respect to the most cherished institutions of government.

Attention was devoted to the cheap rates given to the domestic consumer and the higher charges to power companies, coupled with the prediction that the charges must be increased. The following statements of Professor Mavor are of interest:

"That its ludicrously low rates for domestic use could not by any possibility be sustained indefinitely without heavy cost to the taxpayer was also disregarded. The Hydro had made a bid for political support and got that support by bribing the domestic users of electricity and by vastly increasing their number by means of the bribe of low rates."

Calls Hydro Financing Unsound

"THE failure to provide a sinking fund for nearly all of the bonded indebtedness in respect to the Niagara developments, which are operated by the Commission as private companies, in the same general manner and to the same extent as is done in respect of cash advances under the Power Commission Acts, has been, in our opinion, unsound and unjustified."

Dr. Mavor reached the conclusion that the Ontario Hydro-Electric System is erroneously represented as an experiment in public ownership and "is really an attempt on the part of a small number of politicians to establish an industrial monopoly and to manage this monopoly in such a way as to keep themselves "in power," who "voted themselves large salaries for their incompetent labors."

"The Hydro," he declared, "is much larger than its promoters ever dreamed of; it is a great deal larger than they can manage. In point of fact, the Hydro cannot be controlled; it controls both its own officials and the Government."

In closing his book, Dr. Mavor said: "Before the Revolution in China, and perhaps even yet, there might often be seen in the streets of Canton, for instance, a prisoner enduring the punishment of the *cangue*. This instrument of torture consists of two boards of wood, each about two inches thick and two feet wide. The boards when padlocked together embrace the neck of the prisoner in such a manner that he cannot remove his head from his formidable wooden collar nor can he rest with any comfort. He is free to walk about the street, but is nevertheless imprisoned by his *cangue*. The four Prime Ministers of Ontario, since the invention of the Hydro, have each worn an instrument of torture similar to that which has been described. In the course of years the Hydro *cangue* has become heavier and heavier. Day and night its load is felt; none the less wearily that the public assumes to look upon it as useful and ornamental. To the wearer it has become an almost intolerable burden."

This Word War on the Capitalist

By HARPER LEECH



WHAT IS BACK of this growing breach between men who do things and so many of the folk who live by writing?

The ill will between American business and a large wing of American writers is so evident that it has been made the subject of comment abroad. But foreign publicists can find the same state of affairs at home.

A British industrial editor canvasses the output of books on social science written by Englishmen and finds that 75 per cent are hostile to modern industrialism.

He concludes after that survey that "what is called capitalism is almost without a literature." What is true in England is probably true here, but technical writing hasn't much effect on public opinion. Of far greater importance is the spirit of the emotional and imaginative writing, the novel, the play and movie.

How do they talk about business? That's a question in which business ought really to be interested. The answer isn't hard to find. Plain hostility to, or outspoken contempt for, business marks a large amount of our fiction, our drama and our moving pictures. Hundreds of typewriters have been unlimbered for a continuous barrage upon business. There are frontal assaults by heavy thinkers, and there is constant sniping of humor and sarcasm.

Some of it has a serious purpose to undermine modern industrialism and the type of civilization that rests upon that base. In other novels, plays and scenarios there is evident the box-office motive, and the writer or producer is merely catering to an anti-business sentiment which he believes is popular enough to pay.



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Many an ink slinger has made a capitalist out of himself by defaming the capitalist and his works

Acres of Mahogany

WHO HAS not met the movie-type of business man? He is as conventional as the Russian wolfhounds by which the movie director indicates that heroine or villainess is rich.

The business man of the movies is usually a direct descendant of the villain who held the mortgage on the old homestead in the blessed days of melodrama. He sits behind acres of mahogany, prepared at any moment to sacrifice his only and beautiful daughter for gold. He closes mills and mines in order to snatch away the breakfast porridge from the poor workingman's baby. He blows up his competitor's mill or railroad with reckless disregard for human life.

But rarely is there any real malice behind such portrayals. That's what the older days of vaudeville called "sure-fire hokum." To denounce the rich was as certain to arouse applause as to wave the American flag. In the land of melodrama only the poor were honest.

Occasional Note of Animosity

MUCH of the fun wafted off the stage from follies, vaudeville and musical comedy is satire upon business or business men. But as a rule it is no more malicious or severe than the banter of business men themselves. American literature would be impoverished indeed if we had no satire upon the land boomer or the get-rich-quick artist.

American business itself would be robbed of some of its spiritual heritage of adventure and pioneering if there had been no such careers of industrial soldiers of fortune to suggest the rich lines from Mark Twain's Gilded Age to Will Rogers' running comment on Far Rockaway real estate.

But even in the lines of the jesters there has developed of late an occasional note of animosity toward business.

If any reader has lasted to this point, he is probably prepared to ask, "Well, what of it?" Well, let's split that query up and see if the answers are of any importance:

1. Is it anything to worry about?
2. Is it anything new?
3. How and why did it start?

It may turn out to be something worth worrying about. It is, I believe, unusual in the history of the race to find such a pronounced disharmony between any type of civilization and the literature of that civilization. Every civilization has been more or less mirrored by a literature of some sort. To some extent every literature is a criticism or judgment upon its civilization as well as an interpretation and justification of it. It seems to me that modern capitalism—the civilization which has been developed primarily as the result of individual enterprise, freedom

of contract and applied science—has developed an unusual relation with the literature of its times.

Never was human welfare more widely diffused than in the lands in which modern capitalism has most completely displaced more primitive industrial methods and social institutions. But capitalism seems to be marked by the intensity and virulence of the criticism aimed at it.

The present-day output of fiction, stage and screen products, animated by this hostility toward business, is probably not so great as the literature of plain entertainment dealing with such themes as love, adventure, mystery or sport—uncolored by propaganda.

Youth Must Follow the Mode

THE ENORMOUS circulation of newspapers and periodicals which are not so affected or which are actively pro-business, and the huge sales of fiction appealing only to reasonably contented people, may incline us to minimize the "literature of protest."

The increase of national wealth and the wide diffusion of the ownership of industries by the wider sales of stock have undoubtedly augmented the good-will of America toward the business system to which they owe their standards of living.

But what is the new generation beginning to think about business and business men? It is to youth that art makes its strongest appeal. Comfort and security are not so emphatic to youth, with its boundless confidence that the world is its oyster. Youth is also highly imitative. It must do the correct thing—follow the mode, trail with the smart set.

The appeal of smartness and sophistication is almost monopolized by the literature and drama which show the most animosity toward modern business and the homely virtues of respectability.

Some of our critics seem to show a decided aversion to "popular" books, yet the "popular" character of books with an anti-capitalistic bias has not prevented them from receiving the applause of the very critics who usually condemn any book which is liked by the "herd" of yokels, babbitts and 100-per-centers—to use a few of the standardized epithets aimed at men who pay notes when due and have one wife at a time.

I live across the street from a high school which cost millions of dollars. The impact of the advanced literature upon adolescent brains is too plain to be ignored. A hint as to some of the ideas of American business which are gaining a place in youthful heads is had from the following incident reported to the writer from another school, in another city:

The teacher was quizzing a class on that age-old question, "What are you going to be when you're through school or college?"

"A banker," was one reply.

"Oh," said teacher, "you want to be a crook."

Probably few pupils are cursed with that sort of teacher, but the chatter of high-school children as they come and go, on street cars, buses or elevated trains, indicates that many of them are getting the same feeling from the books they read or from what they see on the screen.

Is this literary trend anything new?

Yes and no. Antagonism to capitalism has affected many great literary craftsmen, but there are marked differences between the authors of an earlier day and the writers who now exhibit such venomous hostilities toward industrialism and modern society.

Writers of aristocratic leanings did not love the "upstart" capitalists and inventors who were displacing the landed aristocracy as the leaders of civilization in the earlier days. But their flings at "tradesmen" and their "bourgeois" virtues lacked the note of intense bitterness to be detected in present-day attacks.

What is the origin, the reason for the anti-capitalistic slant of so much present-day writing?

The work of an author is examined in connection with his social and historic environment. It is assumed that the times stir his soul, and the result is literature. In all the discussions that I have seen of the feud between literature and capitalism the assumption goes unchallenged that the wrongs and imperfections of capitalism explain the hostility of the writer.

But is an admission of social defects and short-comings in capitalistic society a sufficient explanation of the hostility of so many writing men toward the present social system? May not such writing be the consequence of short-comings of the writers? Are the masses or their critics out of step with world movements?

Perhaps we may find the answer to this query in the nature of capitalism itself.

Regime of Free Enterprise

AS IT affects the lives of men the regime of free enterprise and free contract that we call capitalism makes life more competitive and more interesting for the great masses of men.

Under the social systems which prevailed prior to the Industrial Revolution initiated when James Watt learned how to condense steam outside an engine cylinder, the life of communities was very largely "socialized" or communized within the social units, and man's combative impulses were externally employed. Low productivity and poverty were the almost universal characteristic of such societies apart from a few trading communities. They failed to make use of strong human impulses for the purpose of producing and distributing wealth.

Such societies tended toward aristocracy. Literature was usually the product of the warrior or landed classes or of their direct dependents.

Modern industrialism, perhaps, brings into every-day life that spirit of enterprise and innovation which in ancient societies was reserved mostly for the discontinuous



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Early races spent their energies in wars and destruction. The industrial era puts the strength of its young men into useful production

periods of war. Capital creates a place for thinking and daring in the everyday business of making a living. It converts life into an adventure for any man who cares to excel the mere average of existence.

As business absorbs an ever-increasing number of the types to whom its strenuous life is attractive it seems inevitable that the craft of writing must lose many of its former characteristics, because the production of literature will tend to fall into the hands of those who are averse to the very idea of competition and who dislike the principle of selection of the superior and rejection of the inferior.

While capitalism is tending to place literature in the hands of those who by nature are opposed to the leading characteristics of capitalism, the social system which results from the progress of industry gives an existence to an increasing number of such men and women.

In primitive societies the population was held down by scarcity of food and capital equipment. Natural selection by war, famine and disease was at work. Only those in harmony with the social system could hope to survive. Not so now. The principle of capitalistic industry is production for the use of others in order that there may be acquisition of wealth for one's self. Vastly more goods and services must be produced than can be used by those directly concerned in their production. Prevailing humanitarian codes have not allowed the introduction of any substitutes for natural selection in a capitalistic society; so if one manages to be born, he is assured that his fellows will make great efforts to keep him alive.

Letters Breathing Discontent

SO MUCH bunk has been written in the name of biology by men who are not biologists—and this writer is not—that one hesitates to employ a biological example to illustrate this idea. But superficially, at least, many things in the life of modern societies recall parasitism in the animal and vegetable worlds. From its nature a capitalistic society seems fated to support a far greater proportion of parasites than any other social form with which we are historically familiar.

It seems to be the penalty of plenty. In nature it appears to be a characteristic of some parasites that they seek to devour their host regardless of the fact that the death of the host as the result of their short-sighted appetites will mean their own extinction.

As an editor and newspaper columnist, I have received hundreds of letters breathing social discontent. The idea that social discontent is allied to social parasitism was suggested by these letters. How else can one contrive an explanation of the frenzied hatred for business, business men and modern civilization which these letters disclose?

Their writers have evidently brooded over their secret envies, fortified by the pathological doctrines of class struggle and proletarianism, until they have reached a point of fanaticism. Yet the letters also disclose a lack of originality or capacity for self-help or control. It is evident that their writers could not even exist in any but a protective and sheltering society.

To sum up, life in an industrial society is becoming more distasteful to many who find it easier to write than to do anything else. It is easier to remold a selfish world nearer to the heart's desire with a typewriter than it is to master the life of such a world.

How Swindlers Attack the Exporter

By HENRY SCHOTT

Illustrations by Emmett Watson

TO BE Chief of the National Secret Service is to be a man of weight and importance wherever the country may be. The smaller the country and the further eastward and southward, the greater the scope, influence and direct power of the office. In some countries it is in many ways a better job than being a duke or a prince—and cabinet ministers do not consider themselves safe, either personally or officially, without the sincere support and sympathy of the head of the Intelligence Department.

One sunny afternoon in the capital of a certain country on the coast of West Africa, the Chief of the Secret Service felt more than usually satisfied with himself; first, because he had a firm hold on the second-best job in the country, and next because he had again won all the I. O. U.'s in the daily game of pitch with the Minister of Fine Arts and Education, the Secretary of State for Foreign Affairs and the head bartender of the Hotel Grandeet Majestique. He felicitated himself that he could win from these lads as long as he was permitted to deal in his turn; he asked nothing more.

He Lacked a Player Piano

YES, HE did ask something more. With all his power and distinction he lacked a player piano, a phonograph, furniture and money. Pending a foreign loan, with prospects dim, pay day was very irregular, and at times acquired a legendary character.

Money, real cash, clothes, shoes and, yes, an automobile! Why not? A man who could make himself Chief of Secret Service of the Sovereign State of Deleri would find a way.

Money came through banks, furniture in ships from Europe or America—pianos, same sources, and clothes, too; that is, fine clothes of the kind shown in the moving pictures and those were the kind the Chief demanded. The Chief had learned much on his way from business college to the top rung, and in a week his campaign was under way with the capital printer and a promise of possible payment as a means. It required six working days to deliver letterheads bearing the following names:

MacTavish, Saunders & Co., Ltd., Bankers.

The State Bank of West Hesperus and the North Congo.

Bank of Wilmerding & Company, Ltd.

That would be enough banks. Now for a few necessary importing companies. Paper, type and press work and then appeared:

Mayer, Salzman & Lichenstein, Importers.

The West Coast and Interior Consolidated Trading and Shipping Co., Ltd.

McDougal Brothers & Douglas, Merchants and Brokers.

One more step was necessary to complete the stage setting for the magic act that would bring the best of civilization to Africa, without making a penny's difference in the homeland's balance of trade. The letterhead bore the legend:

Office of the
President and General Secretary
MALARIA COAST CHAMBER OF COMMERCE

Almost overlooked one of importance:

Murphy & Brown, Law, Collection and Commerce Information Agency.

There! With that done the Chief of the Secret Service had, for his purpose, spread himself into three banks, three importing companies and one chamber of commerce. His purpose was to swindle European and American business houses and he accomplished it.

First he acquired catalogues from various firms and asked for quotations. Then he sent in his orders with instructions to ship and draw for the amount due under the terms of documents to be delivered against payment of draft.

The draft was to be presented to a bank, name given, or any of three, with names given. What more could any reasonable exporter ask? References? Write any of three banks, the Malaria Coast Chamber of Commerce or to Murphy & Brown's Law and Credit Agency. Yes, write any or all of them and the Chief of the Secret Service would do all of the answering.

An American manufacturer, while preparing to fill an extensive order from one of the Chief's companies thought he might ask his own banker to look up the banks suggested by the Chief.

4,000 Miles and Back Again

"NOT LISTED," was the report and the manufacturer was advised to have the shipping documents handled through a known bank in the West African town. When the shipment and the documents arrived that bank could not effect payment or acceptance of the draft. Result: A shipment of good merchandise had a ride from a factory in Michigan to a point 4,000 miles distant and back again. The shipper paid, the Chief of the Secret Service was out only paper and postage.

That may be termed a cartoon of an actual case reported by the Department of Commerce. The secret service chief of a West African country was the principal, and he created letterhead banks, shipping firms and credit agencies for his own use.

How many shippers he swindled no one knows, but no American need have been put at loss if he had used sources of information created to serve him without cost. Little more than a letter to the Commercial Intelligence Division of the United States Department of Commerce would have brought back all that any business man would care to know about the enterprising and wicked Chief of the Secret Service, bankers, importer, chamber of commerce and credit agency.

Leaping across the Atlantic from the West African coast we land in a country south of us where a young man used thirty-four aliases and a peculiar law of his native land to rob foreign importers. His sole visible property

was a typewriter and desk in his mother's home in a poor part of the town.

An American merchant would receive a request for quotations, followed by an order, reputable banks being given as references without their permission or knowledge. He instructed that the merchandise be shipped on bill-of-lading terms, which the world over, with this man's country as an exception, means delivery of merchandise against cash.

Down in the home of the man with thirty-four aliases it happens that the negotiable bill of lading delivered to a bank does not control the shipment, but that government officials, in the form of customs officers, do. On arrival of the consignment from America our typewriting friend would neglect to claim it and after a short time it would be legally sold for customs charges and pass into the hands of the swindler, always there ready to bid. He operated on those lines for more than three years. An inquiry sent to the Commercial Intelligence Division of the Department of Commerce would have brought an immediate danger signal.

A scheme along similar lines is worked by a group of thieves in another country, south British Guiana, to be exact. They are in the pickpocket class and their operations are limited to parcel post packages. First they send for a catalogue and then order samples to be sent parcel post, C. O. D. Incidentally, shippers are directed to put numbers or designating marks on the parcels.

The goods remain in the post office until sold at public auction as unclaimed mail. Agents of the swindlers bid them in and the American shipper receives little or nothing for his merchandise. That this should be practiced in a British colony is somewhat surprising, but legal recourse seems impossible, for the swindlers use fictitious addresses and none of the men known to be in the group is wholly without standing or responsibility. Besides, who is willing to conduct a long-distance law suit in a strange land for a $60 smoking set?

Into Bankruptcy

IN A country a little further north, a firm acted as sales agent for exporters in the United States, sending in orders to be shipped direct to their customers. In some instances they would make collections for the American firms and, after inspiring confidence, gradually fail to remit. In one instance a house in the United States gave them power of attorney to sell a real estate holding in their country. They made the sale and held the funds, about $300,000. Now an American attorney is down there to force them into bankruptcy.

Early use of the information the Department of Commerce is ready to give probably would have prevented that swindle. These instances are not intended to give the impression that the foreign trade is filled with ingenious gentlemen lying in wait for the unsuspecting American shipper. They are mentioned only to show that they could have been blocked by making use of a public source of information. The Commercial Intelligence Division is in charge of Arthur S. Hillyer, who spent thirty years as export manager of the Waltham Watch Company, who has traveled extensively and who knows his job.

"Relatively, there are no more commercial rogues in foreign countries than right here at home," Mr. Hillyer says. "It's the distance and the difficulty of reaching the swindlers by legal process that make added caution and investigation necessary.

"The Bureau of Foreign and Domestic Commerce, as a part of the U. S. Department of Commerce, exists to serve the American business man in a practical way. In order to make that possible its principal men were taken out of active business. Here in the Commercial Intelligence Division we have approximately a thousand seasoned men placed in the trade centers of the world to whom we can turn for definite and prompt information regarding any business firm or individual. That number includes our consuls, who give us most valuable cooperation."

Data on 200,000 Foreign Firms

THIS service to American business men had its beginning in 1919 and has as its basis the War Industries Board, all of the records of that body having been transferred to the Department of Commerce. Today the Division has data on 200,000 foreign firms, all of it gathered by the field force operating out of its forty offices in foreign countries.

Say you are making bath-room fittings in Wisconsin or Illinois and never have exported any of your products. You receive a request for quotations from Australia and naturally you want all information available. The Bureau of Foreign and Domestic Commerce is in Washington to give it to you, but before you receive it you must be listed on the Department's index.

Aha! There's the bug under the chip—red tape and fees and trips to Washington. Not at all. Simply write who you are and what you want and you will receive a form that will make it easy to tell just who your company is.

To Serve American Business

YOU WILL note one question, "Is more than 50 per cent of the stock owned or controlled by citizens of the United States?" That is important to the Bureau, for its object is to serve American business men and not their foreign competitors. Another point. The Department wants to keep American crooks from giving this country a bad name in foreign trade, just as it endeavors to prevent foreign swindlers from robbing American exporters.

That is important to the honest business man, for there are instances of desk-room importing firms having taken foreign orders and billed them only when market conditions insured a good profit. When the market conditions turned against them they let the foreigner whistle.

These are some of the reasons why the Department wants information about you. Fill out that blank and without delay you will receive the information you require. It is American firms, reputable American exporters, that the Department aims to help. This is the information the bureau asks of the American merchant:

1. Name of firm.....
2. Address.....
3. Export Office.....
4. Check in following list the nature of your business:

Manufacturer, Producer, or Grower	Broker
Manufacturer's Agent	Export Merchant
	Export Commission House

5. Check one or more of the following showing how your foreign business is conducted:

Direct	Broker
Branch Office Abroad	Mail Order
Branch Factory Abroad	Foreign Agencies

6. If incorporated:
 (*a*) Date of incorporation.....
 (*b*) Under the laws of the State of (*c*) Capital, $.....
 (*d*) Is more than 50 per cent of the stock owned or controlled by citizens of the U. S.?.....
 (*e*) Names, addresses, designation, and citizenship of officers.....
7. If a partnership: Date established Capital, $..... Names, addresses, and citizenship of partners and proportion of interest of each partner.
8. If an individual, date established.....Capital $.....
9. If a branch house, office or factory, state name, location and nationality of parent house or factory.....
10. Is your export business confined exclusively to the sale of American products?

These lists are confidential as is the information supplied. Once on the list the exporter automatically receives confidential bulletins relating to specific opportunities for the sale of American goods abroad. The information is collected at government expense for the benefit of American business men and is available only



Motion pictures create a hunger in foreign countries for all sorts of American products, from clothes to bath tubs



His purpose was to swindle European and American business houses, and he accomplished it

to American firms which will use it in selling American-made products exclusively. The service is not intended to cover credits; the Bureau says that information "should be obtained from the recognized mercantile agencies, banks and these standard sources." Nor is the Bureau in any sense an agency to collect bad debts; its service is intended to help the exporter avoid bad accounts.

Involved in Shady Practices

ASIDE from the reports on specific inquiries, the Bureau sends information of general value at intervals. For example, these are quoted (with names omitted) from one page of a bulletin that goes mainly to banks that have requested it:

"Colombia—From a reliable source in this country under date of August 31, 1925, we are informed that the principal of this concern is said to have been involved in practices which do not reflect favorably upon his standing. It is suggested that American concerns have no relations with this firm.

"Czechoslovakia—A report from the field of July 22, 1925, indicated that there has been some progress made by this company, that actual plant construction has been started, also that the directors manifest confidence in Matej Krupa, who, it is understood, has invested heavily in this company and is thought to be serving to the best of his ability.

"Dutch East Indies—In a report from the field of recent date we are informed that this subject is said to have been involved in dealings in the past which do not reflect favorably upon his business reputation. In any transaction with this subject Americans are advised to make investigation and to exercise due caution.

"Ecuador—A report from the field of August 7, 1925, would indicate that financial dealings with this subject are not advisable.

"Guatemala—A report from the field of August 28, 1925, which is believed to be unprejudiced and authentic, informs us that rumors, in one instance supported by a creditor, indicate that this concern is not meeting its obligations at the present time, also that some of its business transactions seem to be irregular.

"Honduras—From a reliable source in this country under date of August 31, 1925, we are informed that this subject upon becoming involved in financial difficulties executed a bill of sale on his establishment and left the country making no plans for settlement of his creditors.

"India—A report from the field of August 7, 1925, informs us that the managing director of this company is under arrest for fraudulent business practices. It is suggested that American firms avoid dealings with this concern.

"In a report from the field of July 28, 1925, we are informed that the principal of this concern is said to be involved in legal difficulties, the result of which it is thought might affect the financial standing of the concern. A cautious investigation by American concerns before entering into business relations with this firm seems advisable.

"Mexico—In a report from the field of August 11, 1925, we are informed that this subject resorts to practices which do not reflect favorably upon his reputation. It is suggested that American firms have no relations with this subject.

"A report from the field of August 12, 1925, would indicate that much caution is advisable in dealing with this subject.

Sold Stock and Disappeared

"PORTO RICO—From a reliable and unprejudiced source in this country under date of September 5, 1925, we are informed that this concern is said to have disposed of most of its stock in trade; the principal then disappeared making no provision for payment of creditors."

Aside from the detailed information on individual cases the Bureau covers commercial conditions in foreign countries, foreign competition and best means of meeting it, changes in tariffs and trade-mark news and given names of foreign dealers asking for merchandise sources in the United States.

The information supplied is not of the perfunctory kind one usually expects from an official source. At random I went over some bulletins and, beginning at the beginning, I selected "Automobiles, Australia, Adelaide." Here are listed the names of all dealers in motor cars and accessories, showing whether they are agents, commission merchants, exporters, importers, manufacturers, retailers or wholesalers. Symbols indicate size of firms. For example:

* * * "Jones & Smith, Ltd., 16 Blank Street, British, handling motor cars, trucks, tires, tractors and accessories; branch, Melton; 20 traveling representatives; agencies, Studebaker, De Dion, Standard; stock American tires."

So on through Adelaide, Melbourne, Sydney, Brisbane and other trade centers. A note says "Right-hand drive strongly preferred, left-hand drive prohibited in Sydney, the capital of New South Wales."

Motion Pictures in Poland

TAKE motion pictures—motion pictures in Poland, say, and take them all the way from Aleksandrow, where Semon Jeraczewski is proprietor of the Kino Oaza, to Zabkowico, —twenty-three typewritten pages of them, giving the street address, name of theater owner and manager, seating capacity and time of performance.

"The American motion picture is a great aid to the development of our foreign commerce," said Mr. Hillyer. "All over the world, day and night, they are advertising American products from clothes to bath-tubs."

A fact well recognized by the manufacturers abroad and often subject to their adverse comment. With the economic effect first in mind, many efforts have been made to supplant the Yankee film but without success. There is one industry which America controls in the foreign field.

This Commercial Intelligence Division of the Department of Commerce is unique. No other government serves its business men in like manner in giving a history and record of the foreign merchant and of his sales organization. It tells the American exporter when he may safely expand his foreign business and sends him warning of danger spots and does it in a simple, practical way.

In eight years it has developed a clearing house in Washington for information really useful to the shipper, one straw to show that America is heading in the right direction toward business building abroad.

NATION'S BUSINESS

Published by the Chamber of Commerce of the United States

MERLE THORPE, Editor

Washington January, 1926

An Editorial Article by Mr. Coolidge

IF THE editor of this magazine were to list the things he would like to bring about, at the head of that list would be this:

A better understanding by business of government and by government of business.

And just as we were searching for some new way to say this, along came the President of the United States and said it for us, and said, too, some other things so sound, so much in accord with the policy of the Chamber of Commerce of the United States that we reprint these pertinent paragraphs:

Business and government might have had a better understanding of each other and been less likely to develop mutual misapprehension and suspicions.

The general welfare of our country could be very much advanced through a better knowledge by both of those parties of the multifold problems with which each has to deal.

I should put an even stronger emphasis on the desirability of the largest possible independence between government and business. Each ought to be sovereign in its own sphere.

True business represents the mutual organized effort of society to minister to the economic requirements of civilization. It is an effort by which men provide for the material needs of each other.

The Government is and ought to be thoroughly committed to every endeavor of production and distribution which is entitled to be designated as true business.

The law enters very little into the work of production. It is mostly when we come to the problems of distribution that we meet the more rigid exactions of legislation.

The whole policy of the Government in its system of opposition to monopoly and its public regulation of transportation and trade has been animated by a desire to have business remain business. We are politically free people and must be an economically free people.

Regulation has often become restriction, and inspection has too frequently been little less than obstruction. This was the natural result of those times in the past when there were practices in business which warranted severe disapprobation.

The present generation of business almost universally throughout its responsible organization and management has shown every disposition to correct its own abuses with as little intervention of the Government as possible.

Traveling Back via the Index

CHEWING gum, culture, crickets, crime, eggs, fish, hair tonic, lace, noodles—how did we come to talk of all these things?

Yet we did, for there they all are, with hundreds of other subjects, in the proof of the index of NATION'S BUSINESS for 1925. And all of them had a business idea.

But what of still bigger things of business? As this goes to press, the National Chamber is holding a distribution conference. What have we done to enlighten our family of 210,000 on that subject?

For one thing, we've had special articles every month on distribution topics. Who wrote them? E. S. Jordan, Herbert Hoover, F. S. Tisdale, A. Lincoln Filene, Irving S. Paul, Harry R. Wellman, to name a few. Merchants, teachers, economists, all have turned writer for us. And professional writers have turned students of economics and business methods that we might set forth "The Price of a Porterhouse" or the distribution problem of the moving picture.

Banking, merchant marine, railroads—we look under each head, and the index gives the drama of a year, a great year in American business.

To us, as editors, the index brings a little pride that we touched so many points in the world of commerce and industry, a good deal of gratitude to the contributors who have helped, and a sense of the immense amount that we have left undone.

But as 1926 comes on we get that January thought: Perhaps we made a better magazine in 1925, and perhaps we can do still better in 1926.

A Permanent Tax Program

THE CHAMBER OF COMMERCE of the United States believes that we are out of the war-tax woods, that the time has come to face our tax problem with this in mind: that we need to develop a permanent peace-time program.

Tax reduction is admirable and needful, government economy is desirable, but not less important is a working out not merely of amounts but of methods.

Facing war and in the first years of bill-paying after war, vast amounts of money are needed; and these vast amounts are, and must be, raised hurriedly, even ruthlessly. Now there has come a time to seek a calmer answer to these questions:

Who shall pay?

What shall he pay?

How shall he pay?

And the answers must be sought with this permanent, peace-time policy in mind. If it seems wise that this country should raise a part of its federal revenues by an income tax, well and good; but let us fix certain definite long-time principles on which such a tax shall be levied.

Such principles the Chamber sought to lay down in the suggested program of revision and administration which it recently submitted to the Ways and Means Committee of the House. The call for a "permanent peace-time program" is a definite contribution to the discussion of federal taxation.

Beating Anti-Trust Laws by Patents

THE PATENT LAWS and their possible use in plans which have as their purpose evasion of the anti-trust laws are being explored by the Department of Justice. The theory of the Department of Justice is that patents may be obtained, licenses granted to manufacturers, and provisions inserted in the licenses for the ulterior purpose of using these forms to control prices and accomplish other ends not permitted by the Sherman Act. According to the Attorney General, the "efforts of the Anti-trust Division of the Department have been largely devoted during the past year to the investigation and preparation of cases which will bring about a clarification of the law as to whether patent owners have a right under the patent law to make agreements which are an apparent violation of the Sherman Act."

Well over a year ago the Department of Justice instituted proceedings which revolve around the patents for the "cracking" process used in refining petroleum to increase the output in gasoline. Last spring there was a decision against the

Government by a federal district court in a case in which a company owning patents for electric light bulbs required in its license that another manufacturer sell only at the owner's prices. That case is consequently fairly well on its way to a final decision in the Supreme Court.

In October, the Department began another proceeding in which the patent law appears. This new case is against manufacturers of porcelain insulators, which are used to support electric wires. The theory of the Government is that the patent for the present standard type of these insulators, made in two parts, expired several years ago, but that patents, which the Government alleges are either void or too narrow for the use made of them, were obtained upon "assembling devices" necessary to keep the two parts of each insulator together during shipment from the factory, and that these patents have been used as a basis for license agreements under which prices have been determined by agreement.

Dead Hands or Live Wires?

NEW ENGLAND has made a determined and wholesome effort to run to earth the persistent rumor that "New England is slipping." During a two-day meeting at Worcester, Massachusetts, "a thousand delegates representing, conservatively, $5,000,000,000 of agricultural, industrial, and commercial income annually," heard a frank and courageous diagnosis of the state of trade, industry, and agriculture. There was no lack of plain-spoken answers to the question "What is the matter with New England?"

One pointed a figurative finger "to the dead hand that holds a grip on too many of our New England industries, too many of our investments. . ."; another declared that "too many of our New England manufacturers are still expecting the public to remain content with the goods of the days of the buggy"; and still another, that the present need is "fewer dead hands and more live wires, less self-satisfaction and more imagination, more forward paces and fewer kicks, for a good offense is better than any defense ever conceived."

With the retarding influences revealed, there should be no insuperable difficulty in providing effective remedies for a complete recovery of commercial and industrial vigor. For one industry or a regional group of industries, eternal adaptation is the established price of progress, and to make that adaptation requires a searching scrutiny of the economic considerations involved, as Mr. Hoover explained when offering a solution of the general problem—

> A fundamental comprehensive elimination of economic waste—through improvement of transportation facilities, through more extensive electrification, through a greater simplification and standardization by manufacturers, through a more thorough and effective cultivation of foreign markets, through the larger production of those articles that require a relatively high degree of workmanship and sales technique and through scores of other means—affords ample opportunity for the maintenance of New England's prestige in manufacturing and trading."

The World Court and America

MANY A GOOD American still has the disturbing feeling that a foreign body is in his eye when reading of the World Court. But the American origin of the Court idea is not difficult of proof, although the United States is now in the awkward position of a man neglecting to attend a meeting arranged at his own suggestion. The World Court is as domestic in its applications as trade, or manufacturing, or finance, or any other aspect of our economic life, for every field of business activity is deeply rooted among the great commercial and industrial nations of the world, and as go the fortunes of the people of other lands so will go the fortunes of Americans.

Perhaps the location of the Court at The Hague is an obstacle to its acceptance in these States. Were the Court convened in Washington its international flavor probably would be made more palatable to those who profess to see poison in the draft of its statutes. But justice is justice wherever obtainable, and when an effective tribunal has been set up for the world's use with no political entanglements, under the administration of able jurists, the circumstance should invite the cooperative interest of all Americans who believe in the settlement of disputes by adjudication.

To contend that the Court is inextricably bound to the League of Nations is to becloud the chief issue with a wish fathered by enmity or ignorance. For the World Court has confounded suspicion by refusing the behest of the Council of the League when its opinion was asked. To contend that America is still isolated from the rest of the world is to argue the futility of world trade, world transportation and communication that bind all mankind together. As Mr. Hughes once put it, when talking of Latin-America:

> We have the inescapable relations created by propinquity. We have the privileges and obligations of neighborhood; our activities are destined to be more and more interlaced; resistless economic forces draw us together. What could be more shortsighted than to ignore our mutual interests?

And if these relations are consequential to a nearness of several days by ship, they must be as existent with Europe only five days distant.

American business men have earned the world's respect for products "made in the U. S. A." No product of American genius is more worthy of that mark than the World Court.

The Sherman Act and Salesmen

SALESMEN have not in the past been reached very often by the Sherman Act, but in a proceeding begun on November 2 the Department of Justice undertakes to bring them to book.

In this proceeding the Government takes the position that salesmen in their efforts to get business contravened an injunction entered nine years ago against their company and all its employes, restraining them from violating the Sherman Act by inducing customers of competing concerns to break their contracts, by using espionage upon the salesmen of competitors, and by making false statements about competitors' goods.

Altogether, ninety salesmen were summoned before the federal court at Cincinnati to show cause why they should not be punished for contempt of court. In announcing the proceeding the Department of Justice pointed out that it took the position the salesmen acted without the direction of the company.

Agriculture and Industry

THIS MAGAZINE has insisted that business and agriculture are not antagonistic, that each depends on the other, that neither can permanently prosper save as the other flourishes.

It is pleasant, therefore, to note in the Willmar (Minn.) *Republican Gazette's* account of the Kandiyohi County Kiwanis Calf Club prize-giving, this evidence of a link between a new but great manufacturing industry and stock raising:

"One suit rayon silk underwear to the girl showing her calf to the best advantage."



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Thousands of these "short and simple animals," used for freighting in Mexico, are losing their importance with the coming of good roads. American contractors with American equipment are working on a new set of national highways for Mexico

Mexico Gets Down to Business

By FREDERICK SIMPICH

A NOT unpleasant picture that Mr. Simpich draws of Mexico, less gloomy than some contributors have given us.

Mr. Simpich is an active business man on both sides of the border, and knows much of conditions in Mexico. But it is well to remember that the Mexican Government is considering the enforcement of Article 27 of its Constitution, which imposes great burdens on alien property holding near the border or near the seacoast.

If this part of Mexico's Constitution is made effective, some $500,000,000 invested by Americans and by other non-Mexicans in that country would be imperiled, and Mexico's own economic future would be endangered.

Mexico is our second-best customer in Latin America. Virtually all of her motor vehicles are bought from us; purchases will increase as new highways are built. Mexico's foreign trade will develop as she revives her farm and cattle business.—The Editor

THE PICK is mightier than the Mauser. So Mexico, at last, turns from tumult to toil.

Today army mules that hauled the heavy guns are back where mules belong—pulling plows. Thousands of workers, long under arms, are busy again in mine, oil field and plantation tasks.

I don't mean that Mexico is entirely out of the woods economically or that everybody wallows in wealth and that the whole land is peaceful as Sunday morning on the Isle of Guam.

Era of Reconstruction

MOREOVER, even the slightly deaf may still catch, now and then, the echo of a distant shot. And, among the 1,200,000 men in Mexico's labor unions you may yet find a fun-loving group—aye, many groups—who enjoy a fine, old-fashioned strike. Yet, undoubtedly, an era of economic reconstruction is slowly dawning. No nation could fight a long civil war to a devastating finish, and then turn *instantly* back to "business as usual." We didn't. So, when you recall the weight of woe—the economic and labor grief that President Calles inherited a year ago, you are astonished at the snap and speed with which he's pushed the big job of financial rehabilitation.

He found the treasury almost empty. During the revolution, more than 200 kinds of fiat paper money had been issued. Not a single bank was open anywhere in the whole Republic when the war ended. Yet, in less than a year, Calles raised 100,000,000 pesos and started the New Bank of Mexico. Its notes are at par.

In Mexico City, many other banks, both native and foreign, are now also in operation. Here and there in the provinces, small local banks with capital of from $100,000 to $200,000 are beginning to appear. Many of them are owned by American banks in the border states. These are signs of returning confidence, and the improvement of credit conditions.

When Calles took office, he faced thousands of federal employes clamoring for unpaid salaries, and hundreds of merchants who wanted the millions long owing them for supplies furnished the government.

He paid the workers in full, to date—then boldly fired nearly 5,000 from soft government jobs—and warned the survivors that they must work or also walk the plank. He paid the merchants and then put Mexico on a pay-as-you-go basis. Bills are now met when due, for all government running expenses.

New Highway System

HE CAUSED to be set up a gas and tobacco tax, to pay for a new highway system. From this source much revenue is coming, and already American contractors, using road-building equipment bought from us, have started work on the new net of motor roads. This will tie Mexico up with our own system of national highways. Even now, Mexico is our second best customer in Latin America; practically all of her motor vehicles are bought from us. These purchases must increase enormously as new highways are built.

Cutting expenses still further, Calles dismissed the whole first reserve of the army. By this one stroke, 20,000 men, or a third of the whole military forces, were swept from the public pay-roll.

"If you fire all these generals," his advisers said, "you'll have a revolution—they won't stand for it." But they did.

Later he set up special boards to study freight and customs tariffs, with views to revision so as to help business. He shook up the customs service, replacing various collectors and inspectors.

Since 1915, the National Railways had lost millions of pesos a year. Calles put them in the way of becoming self-supporting. By pay-roll pruning and reforms in operating methods nearly 4,000 men were let out—and 12,000,000 pesos a year saved to the railways.



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Mexico City's famous Thieves' Market, so named because it was founded and first frequented by thieves. It is now the shopping place for the middle and lower classes, and is as free from thieves as any other part of the city. The roofs are indispensable; without them the hot mid-day sun would roast the merchants. Business in Mexico City today is more normal than it has been for fifteen years



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A vegetable market in Mexico. The stand in the foreground sells chili, used for making chili con carne. Mexico, by nature a farm country, is not yet doing enough farming. Nearly 12 per cent of her present imports from us are foodstuffs

"You can't fire any of us," the railroad workers first said. "We will stick together, walk out and tie up the whole system."

"No. This is what you will do," answered the government. "We will fix the number of men, in each department, who are to be let out; your leaders can name the particular ones who are to go." When the show-down came last July, with the army back of it, the government won.

Still Faces Big Problems

CALLES broke the strangle-hold of labor on government-owned utilities by putting the railways under the federal Department of Communications. Up to that time all railroad men were unionized; operating expenses went sky-high, due to strikes, agitation, demands for over-pay, and incompetence. Now the employes on the national roads, being federal servants, can't join unions. To finish the railroad job, Calles cancelled 8,000 free passes!

These are some of his achievements, in one short year. They were rigid measures. They made him enemies. But they are paving the way for Mexico to meet her debts abroad, and the claims of American citizens as adjudicated by the joint commissions now sitting.

As I say, Mexico has made long strides back towards business stability. She still faces big problems growing out of the new land and labor laws, which were the fruits of the revolution. But these, too, can be gradually adjusted if agrarian and labor leaders will support the Calles policies.

The land problem, involving the free gift of certain lands to peons, has been the hardest. Though the worst phases of this movement seem past, it is still perhaps the most difficult question which Mexico must finally solve successfully, because it effects her whole system of agriculture and farm credits.

To restore her economic balance of nature, Mexico must do more farming. Yet, as first tried, the agrarian plan failed to increase production. In fact, crops fell off in places.

Any local politician, able to get himself named an agrarian agent, could shoulder a theodolite, call himself an engineer and start surveying and dividing up his richer neighbor's land.

Calles stopped this. He centralized all agrarian administration and compelled respect for law. We Americans are directly affected by this agrarian movement because our trade with Mexico can never reach a sound basis till she revives her farm and cattle industries. This fact is so fundamental that, in spite of Mexico's reputation as a producer of oils and minerals, the predominant need for more home-grown food, in order to develop her foreign trade is worth explaining.

Despite her war-time drift of labor from farm to shop and mine work, Mexico is by nature an agricultural country.

Must Increase Grain Crops

NEARLY 12 per cent of her present imports from us consist of foodstuffs. A greater share of the $175,000,000 she now spends with us should be paid for manufactures, the economists say, and a smaller share for food, lard, corn, flour, canned salmon, etc.

Plainly, it is of first importance that Mexico should increase her grain crop, and reduce her imports of corn from the United States. In one recent year she paid us $11,000,000 for corn, her staple food. The sooner, then, that Mexico grows substantially more of her own food, the sooner will her buying power, per capita, increase, enabling her to buy more farm machinery and other manufactures from us. Then reciprocal trade will attain a sound, healthy basis.

Already this is true on the West Coast. Farming there is booming. Every train south is taking American tractors, plows, vehicles, iron pipe, pumps, tools, furniture, or clothing.

One Yankee salesman I met said he had booked $100,000 worth of orders for caps, sweaters and other woolen goods. Incidentally, from this coast the American and Mexican vegetable growers last season shipped $5,000,000 worth of garden truck. Tomatoes and peas were sold as far east as Boston and Montreal.

Natural Cow Pasture

HER PLACE on the map, her climate, and grassy highlands make Mexico the natural cow pasture of North America. She should be able to pay us—with meat and hides—for much of her imports. Yet, today, from war's waste, her ranches run only one-fourth as many cattle as 20 years ago. Mexico City now slaughters cattle bought in Texas when, a few years back, Mexico used to export cattle and hides to us in payment for our manufactures.

Now the average peasant family owns only one cow, one goat, and one pig or sheep (not both)—and, sometimes a burro. To increase the number of meat-bearing animals, as well as to build up a middle class group of small farmers, is one aim of the Calles administration.

When Diaz quit, 98 per cent of all peasants were landless. But there were a dozen private estates ranging from 3,000,000 to 30,000,000 acres in area—much of which was not cultivated, or even fully stocked with cattle. In the State of Morelos, it is said 33 persons owned 99 per cent of all the land.

So the peons and workmen, finding themselves in power when the 10-year fight ended, naturally passed drastic land laws. For that matter, ever since Cortez came and took tribal lands from the communistic Aztecs, Mexico has had a land problem. To date, she has run the whole land-law gamut from the feudal system, and foreign concession colonizing schemes to the near communism of Carranza's decrees. Now, for the first time in 400 years, she seems really to be approaching a final settlement.

Two-Billion-Dollar Stake

IF CALLES can really do this—if he can give the peasants free land, and at the same time reimburse larger holders from whom it is taken, history will ear-mark him along with Juarez. Already Calles has arranged a bond issue to reimburse those private owners from whom lands were taken. But more important than this, he is insisting on a more rational interpretation of the new Constitution. He is abolishing the plan of small farms held on a communal basis, and is giving small farmers a patrimony, which can't be mortgaged or sold.

Recent unusually large purchases of food from us have been due, it is said, to the breakdown of the communal land-holding plan, as at first attempted.

Peons—without capital, seed, work-animals or experience as farm owners—too often failed and much land lay uncultivated that had formerly been farmed as part of large estates, hence food shortage.

Of our $2,000,000,000 stake in Mexico, a certain share is represented by lands in the form of cattle ranches, oil fields, mining properties and plantations. One cause of the

current debate between Washington and Mexico City has been the taking of American-owned farming or cattle lands in Mexico under the Agrarian Law.

The general opinion now is that little, if any more land will be taken from private holders. Especially so since the Mexican government is now winding up the old "Casa de Prestamos para Fomento de la Agricultura y Obras de Irrigación."

This was a government land bank. All the vast acreage acquired by it in years past, owing to failure of borrowers to pay interest on mortgages, will now be placed at the disposal of the National Agrarian Commission.

Writing on this subject, the editor of *Mexican Commerce*—printed by the American Chamber of Commerce in Mexico—says:

"This loan bank was one of the first steps taken by Mexico looking to a greater development of its agricultural riches. It was founded under Diaz and was, as its ponderous name implies, intended to encourage agriculture and irrigation.

"It was a rather anomalous institution because it was under the control of the government, and still functioned virtually without supervision.

"Events subsequent to the fall of Diaz, led the bank through many vicissitudes; but as the vicissitudes of the land-owners were even greater, it came, in time, into the possession of a larger amount of land. It is now the intention of the federal government to use this property to the best advantage. Some estates will be turned into agricultural schools for the rural population, while others will be divided among small land-owners."

Labor Gives Calles Trouble

DAILY life, travel and routine business in Mexico today appears on the surface more normal than for 15 years.

Passenger trains are crowded—and, usually on time. Hotels and theaters are full. Hundreds of traveling salesmen are on the road. All stores seem well stocked with goods, and few workers are idle from necessity.

Next to the agrarian question, labor gives Calles more trouble than any other national question. It is the chief resistance to more rapid trade revival. However, in practice, labor itself is more moderate than the Labor Laws. The Labor Secretary, Senor Morones, has repeatedly declared that Mexico needs and welcomes outside capital, provided it keeps within the law.

Some labor laws, in cold type, are forbidding enough. But, like our old Blue Laws, many of the state labor laws, and even parts of the famous Article 123 or "Workmen's Bill of Rights," are not being enforced. Even extremists among labor leaders now realize that industry could not thrive, were these laws enforced. In fact, many of the more fervent post-revolution reformers openly make sheep's eyes at capital!

The Supreme Court of Mexico is now battling with Article 123, to find how much authority should really vest in the boards of arbitration and conciliation, if Mexico's economic recovery is not to be impeded.

Although about 1,200,000 workers belong to unions, they are still loosely organized; many of the most serious industrial disturbances have been caused as much by quarrels between rival labor groups as because of labor's disputes with capital. At its last annual convention, Mexican labor astonished the nation by voting a resolution favoring prohibition.

In spite of strikes and high taxes, capital is muddling through. All the larger well-managed mines and oil companies are making money. The Southern Pacific Railroad is spending $18,000,000 pushing its West Coast line over the mountains from Tepic to Guadalajara. When completed, probably in 1926, through Pullman service will be established between Los Angeles and Mexico City. It is said that $1,500,000 worth of equipment for this new Mexican service has already been ordered.

To a certain extent the American Federal Reserve System is aiding large-scale Mexican agriculture because it permits member banks to discount drafts secured by warehouse receipts. The American-owned United Sugar Companies of Sinaloa discount about $5,000,000 worth of drafts each season with bankers in the United States. Other planters of sugar and cotton in Mexico are doing the same. In the last few months Americans representing much capital have been granted concession contracts for the development of hydroelectric, irrigation, lumbering, and other projects in the Republic.

Confidence Is Returning

MONEY is still scarce. The circulation—less than $10 per head—is far too small. Subsidiary coins are still so rare that, especially in provincial towns, many small market transactions fail because would-be buyers and sellers cannot "make change."

Business is not brisk. But traders are going after it harder than for years, because confidence is returning.

The Mexican with a good-paying job wants very much to keep it, in itself a stabilizing influence in the unions. If President Calles serves out his term, his reconstruction policy, his drastic administration of the "gold cure" to his country's economic ills, must inevitably increase trade and bring capital into Mexico.



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Where once Mexico's traffic problem embraced little more than the pack burro, today it includes the flivver and the limousine. The narrow streets of Mexico City are congested with cars of all makes. Notice the nonchalant traffic cop at the semaphore

Business Tactics Cut Baltimore's Taxes

By JOHNSON HEYWOOD

Lithographs by Herbert Pullinger

BALTIMORE elected a mayor—Howard W. Jackson—who had pledged his administration to a program of economy and efficiency. That is quite usual in American politics.

But, which is not so usual, he remembered his pledge when he took office. And instead of appointing politicians to prepare recommendations which would be a mere gesture, he sought the advice of experts.

The mayor boiled his problem down to this: Baltimore is a corporation which takes in $38,000,000 a year. It spends on wages and salaries about $17,000,000 and close to $5,000,000 for materials. Its inventory of materials and supplies averages more than a million dollars. It must meet interest charges, set aside sinking funds and collect the money due from taxpayers.

A business of that size, run for profit, would as a matter of course employ a staff of experts to watch every item of expense, to devise better methods of operation and to find ways to get better results at less cost.

The difficult question was where to find the experts. Baltimore could not spend the half million dollars or so which the experts' fees would amount to. Besides, the kind of men that could do the job as it should be done were not looking for political jobs. There were plenty of such experts in Baltimore but they were working for the big companies.

That was the germ of the idea which has already reduced Baltimore's tax rate 49 cents per hundred dollars, a matter of 16.5 per cent. And this has been done in spite of increased expenditures for needed improvements such as garbage incinerating plants and for expanded personnel in the police and fire departments. At the same time an inherited deficit of $1,130,000 has been wiped out. These experts were regular employes of the big taxpayers who had the most to gain from a lower tax rate. Some of them paid from 25 per cent to 40 per cent of their net incomes as taxes. Their experts could, by careful study, devise ways to reduce almost every item of expense except this biggest one of all. Management, no matter how skilled, could do nothing to pare that item. Taxes are usually higher than they should be due to the unbusinesslike methods of the government which ultimately spends the tax money.

When Mayor Jackson talked over his plan with a few of Baltimore's leading business men they were enthusiastic and agreed to serve personally.

Thirteen men, all executives of big concerns, were appointed to serve on a committee which was to have charge of the work.

They include such experts in their own phases of business as the comptroller of the Baltimore and Ohio Railroad, the manager of the local factory of the General Electric Company, the general superintendent of the American Sugar Refining Company, the chief engineer of the Western Maryland Railway Company, the secretary and assistant treasurer of the Consolidated Gas Electric Light and Power Company, and high officers of various retail and wholesale houses.



A part of Baltimore's skyline. Fourteen leading business executives of this city volunteered to put the municipal government on a modern business basis. Taxes have been reduced 16.5 per cent, in spite of increased expenditures for needed improvements. At the same time an inherited deficit of $1,130,000 has been wiped out

Services Donated

THESE men head the many subcommittees which deal with the detailed betterments to be effected in the various city departments. The accountants, engineers and other specialists in business procedure who do the detailed work of revising and installing the new methods are also drawn from the staffs of the big taxpayers, who donate their services. Thus the accounting committee has had the full time of twenty-five expert accountants.

Some of the work of cutting city operating costs has been completed. All of it is far enough under way to make it possible to estimate closely what the ultimate savings will be.

One of the first evils to be attacked was the method of paying the city's employes. Formerly each of 45 city departments prepared its own payroll in its own way. Not one of the departments was using the methods found to be the best by business concerns.

With the antiquated methods in use, it took 134 people, many of them working overtime, to prepare the payrolls and pay off the city's 11,000 employes.

Even so, there was no adequate check on the work and to audit the payrolls before paying off was impossible. No business concern employing a tenth as many people would tolerate such a system. By concen-

trating the work for all departments in a central payroll department using the most approved modern methods twenty-two employes now handle the work. The saving in salaries alone is tremendous to say nothing of the losses from irregularities which are now impossible.

The city of Baltimore carries 500,000 accounts receivable on its books. Each department which dealt with taxpayers kept its own records—usually in a most archaic way. There were no controls. In fact, gross tampering with the tax rolls had several times come to light. But the bookkeeping system had never disclosed the irregularities as a modern one would have done unerringly and automatically.

Accounts Outlawed

NOR DID the old system show up taxpayers who were behind in their payments. When the accounting experts made their first study of the methods in use they found that more than $11,000,000 was owed by 75,000 taxpayers. Some of the accounts were so ancient that they were outlawed by the statute of limitations. Imagine handling private business that way!

A determined drive to collect these accounts brought in during the first year more than $6,000,000 from this source.

In the meantime the experts were devising plans for handling all receipts through a central bureau. Modern bookkeeping methods such as are used by progressive corporations were installed. Accurate and speedy auditing is now easy and tampering with the tax rolls is impossible.

Already this central bureau of receipts is saving the city $80,000 a year. It is expected that this will increase as the employes become more accustomed to the new methods.

Bills for goods sold to the city were formerly sent to the department which bought them. Each department prepared its own vouchers and charged them against its budget appropriations. This work was largely duplicated by the comptroller's department which made out the checks.

The work of paying bills was subject to delay due to the old-fashioned routine used. No attempt was made to see that the city took advantage of cash discounts, which on purchases of $5,000,000 a year amount to a respectable sum.

Having no adequate control, the comptroller had no way by which to find out the city's liability for unpaid invoices nor could he tell what commitments were outstanding that in time would become liabilities. For that reason the budgets were frequently exceeded, resulting in deficits.

The usual method in use by corporations to handle disbursements has been installed. All invoices now go to a central bureau of disbursements. A complete set of controls have been devised which makes it unlikely that any of the old unbusinesslike mistakes will be made.

All cash discounts are now taken automatically. The exact state of all budget appropriations are known currently. The total savings from this reorganization will, it is expected, exceed $100,000 annually.

Work is now under way to form a central accounting department which will do the work now done by several departments. The installation of this accounting department will enable the city to have, for the first time, a balance sheet—which is considered indispensable by all business enterprises.



Charles Street, Baltimore, looking toward the first monument to be erected to George Washington. Business concerns have to keep up with modern methods. Not so with cities. Cities are inclined to follow traditions without regard for expense. Mayor Jackson, of Baltimore, recognized this fact when he set about to administer his program of economy

Fullest Use of Equipment

A COMPLETE inventory of all equipment owned by the city has been taken. Surplus office equipment and supplies are now kept in a central store room from which they are issued on requisition to the departments which need them. This makes it possible to get along with much smaller stocks than were needed when each department carried its own separate stock.

It also does away with the purchase of additional equipment for more or less temporary needs. The fullest use of the equipment on hand is assured.

In the same way the control of passenger automobiles and motor trucks is being centralized. The new bureau of transportation will dispatch the city's cars and trucks and by keeping them more constantly in use will, it is conservatively estimated, reduce the cost at least $50,000 a year.

Bringing the control of stores and materials under one head and accounting for them by modern methods such as are used by every factory will save at least $100,000 annually.

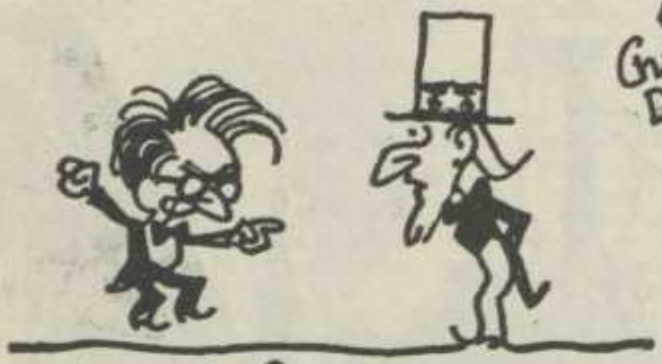
When the accountants analyzed the city's purchases it became apparent that a large amount of buying was being done at retail prices due to the fact that each department did its own buying in small lots. By centralizing the buying under a purchasing agent the requirements of several departments can be lumped and more favorable prices obtained. It is expected that the savings made under this plan will amount to another $100,000 a year.

It should not be assumed that Baltimore's affairs were in an unusually bad shape. Actually she was probably no more inefficient in handling her business transactions than any other American city. A business concern has a constant incentive to keep up to the minute in adopting modern methods and machines. Competition will soon force a business to the wall if it is not efficient.

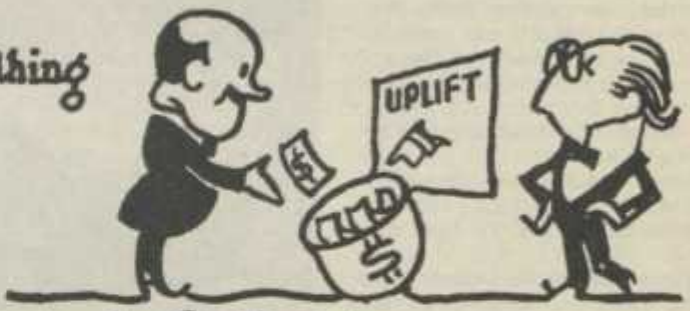
A government has no such incentive. It is a safe guess that a study of any city government will show methods of accounting and of handling other bits of routine which were installed a hundred years ago and which likely enough were not up to the standard of the times even then.

The Business Man's PRIMER

by Charles Dunn



A Is for Antique
The argument old
Of the Something-for-nothing
Parlor-pink Scold



B Is for Babbitt
And Butter and Egg
Still all of his critics
Are pulling his leg



C Is for Congress
The National Goat
If you dont like the weather
Just send him a note



D Is for Demagogue
Who cures every ill
By the use of his
Patented Law-making Pill

Horse-drawn System in This Auto Age

By HOMER HOCH

Representative from Kansas

THE DISTRICT I represent comprises ten counties, all agricultural, in eastern-central Kansas. Diversified farming—a district typical of good agricultural districts in many states. The Rural Free Delivery is an important matter to them and I have been trying to find out how they feel about it. The results surprised me.

In a recent article in NATION'S BUSINESS the Postmaster-General told some plain truths. He showed why it is difficult, if not impossible, for him or any Postmaster-General to do a thorough job of introducing business principles and methods into the postal service. The limitations upon his freedom of action, legal and political, are many. It was a frank statement worthy of most serious consideration.

We have a deficit this year, in the postal service, of forty-nine million dollars. The increased postage rates have sadly failed to meet the increased salaries. What is to be done about it? Shall we attempt further postage increases—when many rates have already reached the point of diminishing returns—or shall we decrease salaries, or are there possible economies to meet the situation? Or, shall we simply reconcile ourselves to a big annual deficit and add it to the general tax burden?

Half-Day Job or Less

WITHOUT discussing other alternatives, let me say that in my judgment there are many economies that could be effected, without detriment to the service. Provided, of course, those concerned have a willingness to apply them! For instance, what real need is there for three deliveries a day in residential sections, which are now made in many cities? To be sure, any curtailment in a case like this would find objectors—the people who are strong for economy in general but opposed to it in particular.

Now as to the rural mail service. When rural mail was established the auto had not arrived. In the old days—and not so long ago, either—the rural carrier, with his horse and buggy, had an all-day job. But in many, if not in most states, the whole picture has changed in the last few years. In a few states the roads are hard-surfaced. In most of the other states they have been greatly improved.

Now, there are very many states where the carrier—with the exception of a comparatively few days in the year—has a half-day job, or less. There are thousands of carriers who are finishing their mail deliveries, on a twenty-five or thirty-mile route, by eleven o'clock in the mornings, or earlier. This is not guess work—before me are scores of letters giving the exact facts, at scores of offices, in proof of this statement. In other words, in an auto age, with road conditions transformed, we maintain a system based on the horse-and-buggy era. What is the result? Many rural carriers, having finished their routes in a half day or less, are either without employment in the afternoons—an idleness which is good neither for them nor for the Government—or else they are engaging in all sorts of other work during these off-hours. They are working in stores, in banks, in garages, on farms, selling real estate, writing insurance—all sorts of things. From the correspondence at hand could be listed a hundred specific illustrations along this line.

Nor is this said in criticism of the carrier. If the Department permits it, he is to be commended, as any other man, for earning all he honestly can. At the same time, when he gets into work, during these off-hours, in competition with other men who are not on the federal payroll, the other man takes offense at it—and there is a lot of force in his objection. The question here is not personal—it relates simply to the present system which under changed conditions has brought this situation.

Many advocate the letting of rural mail service to the lowest responsible bidder. On my desk are perhaps a hundred letters making that suggestion. It is not my purpose here to discuss this proposal, which involves many considerations on both sides. Personally I think there is great weight to some of the arguments against it, in the case of rural routes.

Some Cases at Random

THIS contract system, however, has long been in effect on "star" routes. The "star" route carrier formerly only carried the mail in a pouch from one office to another, with no deliveries en route. In recent years this has been modified and many "star" route carriers deliver mail to patrons along the way the same as the "rural" carrier. It is interesting therefore to compare the situation on "rural" routes and "star" routes in places over the country where the two services are in operation from the same office. Innumerable cases of this sort could be cited.

The Postoffice Department furnishes me some cases, selected at random. Here is the case of a "star" route carrier from a Colorado town. The route is 51 miles and the carrier serves 130 families along the way—considerably more than the average number on rural routes. He took the contract at $1,388. A rural route of that length costs the Government $3,240. Doubtless the "star" man took the contract much too low—unless he has other large income in connection with his trip.

Here is a case in western Kansas: The "star" man has a route 67 miles long and serves 110 families. He gets $1,699. A rural carrier from the same office, with a route 58 miles long receives $3,629. A case from Maine: The "star" man carries a 27-mile route, serving 51 families, and gets $1,436. A rural carrier with a route 26 miles long receives $2,178. Cases of this sort could be multiplied indefinitely. The ones cited are all six-day-a-week service.

The "star" man is permitted to carry passengers and merchandise for pay, which in many cases greatly increases his income. The "rural" carrier is not permitted to do that. In many cases, however, the "star" man received little from these sources. Another difference is that the "rural" carrier has annual leave and sick leave, with pay—as will be noted later—while the "star" carrier does not, and must pay his own substitutes.

Whatever may be said for or against the contract system, is it not plain that these conditions illustrate an inconsistency and produce a dissatisfaction to which there is no reasonable answer? It is a hopeless task to

WE HAVE a deficit for the current fiscal year in the Postal Service of about $50,000,000. For the next fiscal year it will be larger.

No business man facing that situation would try to solve it by raising prices alone. He'd take a look at his costs and would set on foot a program of economy.

The Government raised rates to the point of driving shippers away from shipping by post. Still the deficit.

But wages had been raised, raised whether needed or not. Homer Hoch, of Kansas, was one of the eight Representatives who voted against a blanket postal-pay increase.

Men who were counted wise told him his vote was bad politics. He set out to find out what his "folks back home" who depend on the Rural Free Delivery really thought. He sent out 18,000 letters, and he learned that they didn't regard the postman as a martyr.

They saw the postman working half time at full wage, doing less and getting more than his farmer neighbor. They didn't resent Hoch's vote. They liked it.

But still the mist of politics clouds the efforts to run the Post Office on a business basis.

This isn't just a story of the Rural Free Delivery. It's bigger than that. In it is the whole story of the Government in politics, the story of why Government can't compete.

Let's admit that the Post Office should be run by the Government; let's admit even that it must run at a loss; but let's face the facts; let's be efficient wherever possible. If the Rural Free Delivery is to be subsidized, let's say so; and if part of that subsidy goes to giving whole-time pay for half-time work, let's know about it.

That's what Mr. Hoch has to say!—The Editor

harmonize these two systems, existing side by side.

A third plan for meeting the situation, in part, at least, lies in the reorganization of routes from a town, or for a whole county, into fewer and longer routes. Now, let me say, at the very outset of this, that I do not believe there is any general rule which could properly be applied in all cases. Local conditions vary greatly. Roads are different not only in different states but in different sections of the same state. Where autos cannot be used most of the year and the old horse-and-buggy age still survives, these observations have little application.

But in many places, where roads are especially good, two of the present routes from an office could easily be served by one carrier. In other cases that much of a consolidation could not properly be made. But lesser consolidations, at a vast saving, could be made. For instance, seven routes of thirty miles each might be cut to five of forty-two miles each. Or in some cases the seven might be cut to four, or in others it might be practicable to cut out only one of the seven, each case to be determined upon its own merits.

Service Could Be Extended

BY ADDING, wherever practicable, a few miles to each of the reorganized routes, we could not only cover the territory now served but extend it to farmers not now getting it, or bring it closed to the house. Many millions could be saved under such a plan.

In a careful and cautious way the Department has begun to work along this line. If given a free hand—free from political or other interference such as the Postmaster-General refers to in his article—a widespread reorganization of this sort could be made.

The need for economy is emphasized by the present need for extensions of the rural mail service. There are many places where farmers are not getting this service within reasonable distance. That ought not to be. Daily mail service is one of the finest things, of direct benefit, which the Government provides, in the farm country. To the farmer, as much as to the man in the city, it is not only a social and educational necessity, but so important from a business standpoint that it should be brought as close as possible to every man. But because of lack of funds the Department is turning down practically all applications for extensions. It is to be hoped that the discussion of this subject, which has become country-wide, will lead to changes to meet these needs.

Asks Comments of Constituents

IN A LETTER to rural route patrons of my district I submitted this whole matter for comment and suggestion. As beneficiaries of this service, interested in maintaining and promoting its efficiency, and with intimate knowledge of the situation, their testimony has special weight. Six hundred or more replies have been received. Much over ninety per cent favor reorganization of the system, in the interest of economy and for extensions of the service. Among the remaining number, who oppose a change, there are some who have evidently been led to believe that a curtailment of the service was suggested. Of course no one has made any such suggestion. But a few, although understanding the proposal, are opposed to any change.

Taken as a whole, I would say that these replies reveal an opposition to many features of the postal bill and dissatisfaction with the present situation which is so preponderant that it could be called well-nigh universal. This feeling is accentuated by unfavorable conditions in farming sections, where farmers are unable to pay the wage scale demanded for farm help, where young men are leaving the farm and where with all his investment and the long hours of labor of himself and other members of his family, the farmer is unable to make as much as he sees others making on a small investment and with short hours.

The testimony indicated comes not only from farmers on the routes, but from countless postmasters who give the exact situation, from the records, at their offices. These letters, from postmasters, are now coming from many sections of the country. The following are typical of scores from which I might quote.

A Kansas postmaster, at a town of 2,500, says:

> The carriers at this office, serving routes from 23 to 28 miles, all return to the office by ten o'clock most of the year. There are very few weeks during the whole year when they do not do that.

From a Virginia postmaster:

> You are certainly right as far as this section is concerned. I have already placed before the Department the facts showing what could be saved at this office, without hurting the service in any way.

A North Dakota postmaster writes:

> I heartily agree that the system could be reorganized here at a great saving, without injury to anybody. The five carriers at this office report at 9:30, leave at 10 and return not later than noon. The routes could easily be lengthened and then take little over a half-day to serve, during nearly all the year.

A Texas postmaster:

> The carriers leave at 9:30 and are always done by noon.

Another postmaster sends me a record showing that there were only seventeen days during the past year when the carriers at his office were not through their work by noon.

Most Carriers Oppose Change

MOST of the letters received from carriers themselves, over the country, oppose any change. Some letters have been abusive. Others discuss the matter fairly and in the proper spirit. And I also have letters from carriers, in various sections of the country strongly endorsing the proposal. Many would prefer to serve longer routes than they now have, as the present law, of course, gives additional pay for each additional mile. For instance, an Oklahoma carrier writes:

> I know you are right as to this section, for I have tried it out myself. For a number of years I have been carrying a route over fifty miles long, with 276 boxes, and only two miles of improved road on the whole route. In all that time I have only used a horse and buggy six days. I leave the office at 7:30 and am back never later than 2 o'clock.

In bad weather, when an assistant would be required to cover the whole route by a reasonable hour in the day, extra pay much beyond the regular rate, might be given, and a saving of many millions still made.

The pay of a rural carrier is $1,800 base pay for a standard route of 24 miles; an additional $30 for each mile above 24, and an equipment allowance of 4 cents a mile per day for each mile traveled. The Department figures 306 days a year of actual travel. Thus, a carrier with a 25-mile route, for instance, gets an equipment allowance of $1.00 a day for 306 days in the year. The total received on a 30-mile route is $2,347. In addition to Sundays and holidays, annual leave, with pay, of 15 days is granted, and 10 days, with pay, of sick leave—the latter being cumulative up to a maximum of 30 days in any one year.

In none of this is there the slightest reflection upon the carrier, or the character of service he is giving. His job is not an easy one. It has its hardships and difficulties. But with many carriers already serving much longer routes than countless others where conditions are similar, is there any reason why the system should not be carefully reorganized, wherever practicable, to meet the new conditions? In doing that, a plan should be worked out that would be just to carriers and give due regard to years of service performed.

Service must not be crippled. It must be extended. And in doing that we need to apply practical, common sense. That is precisely what we need in all branches of government—national, state and local. Without it, relief from tax burdens is hopeless.

Our Dependence on the Foreign Worker

EVERY now and then we come on some outcropping of the theme that the benighted foreigner, or even the enlightened or illuminated foreigner, couldn't go through life without material help from the factories of the United States.

Twenty-three years ago one of our great statesmen was writing that the American locomotives were whistling in African jungles, climbing the Andes, and crossing Japan; there were American bridges on the road to Mandalay; the lantern of Aladdin had been superseded in Bagdad by American lamps; the coolies that fanned Indian princes had lost their jobs to American electric fans, etc.

When William C. Redfield was Secretary of Commerce he surprised and entertained many people by reversing this theme and showing that from morning till night, from childhood to the grave, we carry on our daily routine of life here in the United States with constant assistance from foreign countries.

"You have the Russian problem around your neck, my dear sir," the secretary used to remark, pointing at his listener's linen collar.

More recently the National Foreign Trade Council has been using this method of pointing out what the import trade means in our daily lives—showing a dozen imported ingredients in the sedate and thoroughly American-looking telephone instrument on the console table, the imported elements in most sporting goods, the dependence on imports of the steel industry, the automobile industry, the boot and shoe industry, and so on and on.

If it were not for the imported materials in the professional baseball, Walter Johnson might still be unsung and busily engaged in tossing hay out in Kansas, as one of the exponents of the doctrine puts it.

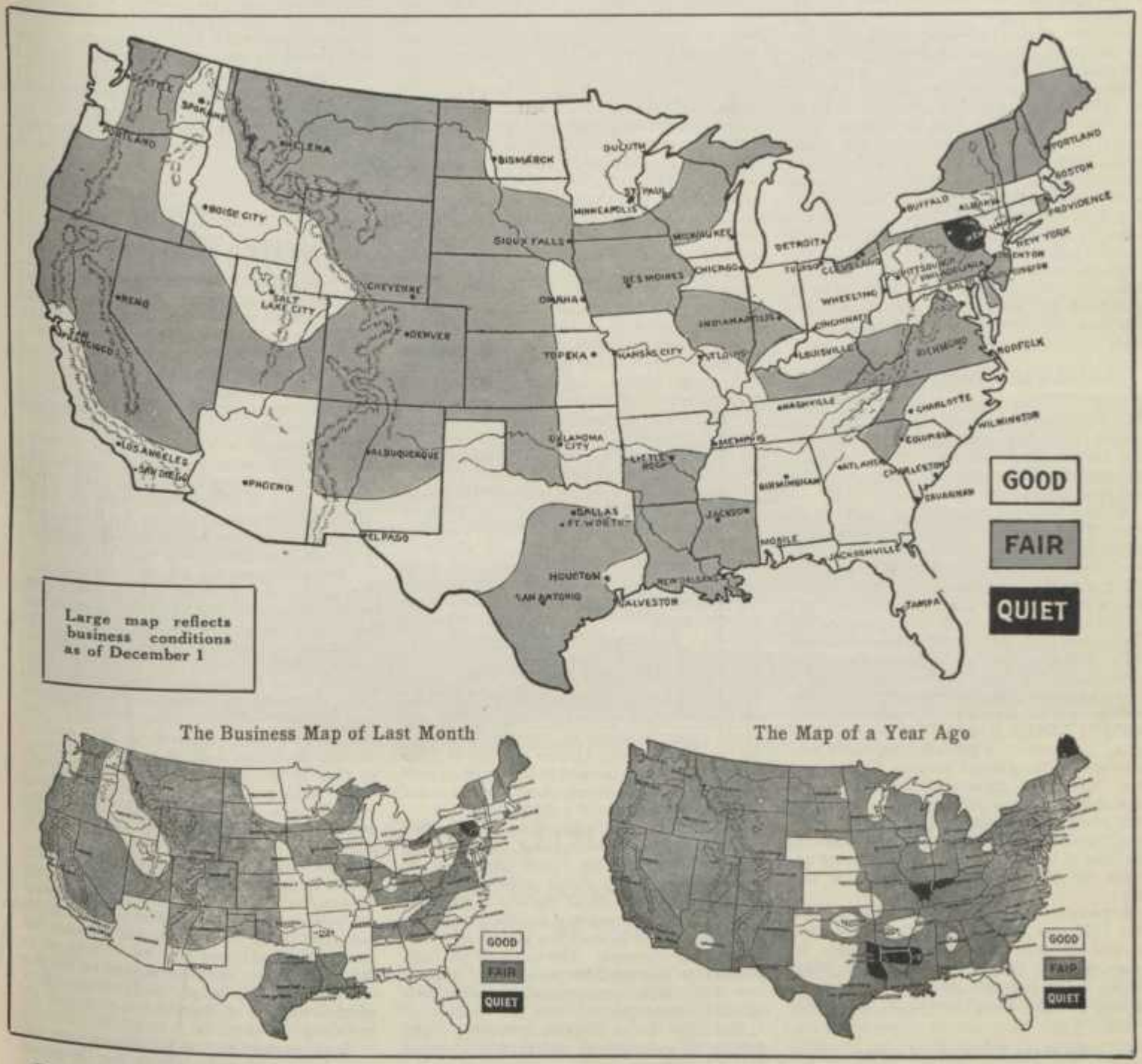
And it's all true; the highly diversified and comforted life of the person who lives in these United States where everything and everybody moves on rubber tires is constantly and in a thousand ways dependent on the peon, the coolie, the skilled laborer, the artisan, the artist, the inventor, and the business man in a hundred foreign lands.

At the same time that you are adjusting the knickers under a classy pair of genuine, imported, fuzzy, heather-mixture golf hose from Old England, mother or the wife is probably at the dressing table manipulating a mean lot of powders, scents and other accessories to pulchritude that came straight from the vicinity of the Rue de la Paix at Paris.

It's a long stride from the attempted self-sufficiency of the old colonial days of the spinning wheel, the flax pond, and the household flock of sheep.—C. D. S.

The Map of the Nation's Business

Looking Back at 1925 and Forward at 1926



Frank Greene, Managing Editor of "Bradstreet's," Who Prepares Our Monthly Map and Article, Sums Up the Year Just Ended and Looks Ahead at the One to Come

FOLLOWING the great surge forward in speculation, in trade and industry during October and despite the fact that big gains continue to be shown over a year ago, the moderated totals or percentages in November come as a sort of anti-climax after the big apparent results of October. Some of this moderation in gains shown, by the way, is more apparent than real. Some of them were due to the fact that November was a shorter month than October and that it had five Sundays and in most states two holidays. Some were owing to the fact that buying and production hit up a faster pace in November a year ago over October and that the base of comparison had therefore changed.

Certainly many measures of movement showed better daily averages in November than in October, this being especially true in various retail trade totals, in bank clearings and in iron and steel production.

Then, too, some of the apparent lessening in trade gains was due partly to a seasonal transfer of activities from wholesale and jobbing to retail distribution. Practically and essentially, the month seems to have seen a maintenance of activity almost everywhere and in some lines an accentuation thereof.

November will be memorable for some very important happenings that may be credited to the year 1925 as a whole. For one thing it saw the first real check to the great stock market boom though the subsequent rallies have made the force of the reaction seem less than at the time it occurred.

It also saw a marked up-rush in wheat prices, due to a late modification of earlier European supply estimates and to bad crop reports from Argentina; advances in rediscount rates by several Federal Reserve Banks; a very heavy total of building expenditures, the advanced stage of the season considered;

a slight decline in automobile production from the peak of October; marked weakness in French exchange; a further slight advance in the Price Index Number; a very slight decline in failures from the like period a year ago; new high records for bank clearings for a short month like November and actually higher average figures than October for pig iron and steel production, bank clearings, debits, mail-order and chain-store sales.

Some of these calculations, of course, are dependent upon the number of business days in different parts of the country. Better weather in November than in October facilitated the harvesting of cotton and corn and a slight advance in estimates of yield of these two important crops. The volume of freight traffic continued at a high but not *the* high points of October or of August and the October exhibit of railroad gross and net earnings coming to hand is a very gratifying one. Only two months in 1920 showed larger gross and only one month, July, 1918, showing larger net operating income than did October this year, this comparison covering the years from 1917 to 1924, inclusive.

1925 Saw Market Extremes

CHANGES of season considered in fact, November as a whole loses little by comparison with any previous month this year and the reports since December 1 seem to point to final distributive trade comparing well with the best of other years.

Figures as to final distributive trade are always of especial interest at this date and it might be worth noting that mail-order sales for November, while 14.7 per cent below October, were 12.8 per cent ahead of November last year, chain-store sales lost 11.7 per cent from October but were 8.1 per cent ahead of November, 1924, and combined mail-order and chain-store sales were 13.2 per cent below October but 10.3 per cent ahead of a year ago.

In October, mail-order sales exceeded those of that month a year ago by 27 per cent, chain stores by 22.6 per cent and the two combined by 24.8 per cent. A possible discordant note is struck by the Federal Reserve Bank report that November department-store sales exceeded November a year ago by only 3.4 per cent whereas in October the gain was 17.7 per cent, but these differences need to be judged in the light of the differences in working time between October and November this year and last.

Readers of this column need hardly be told that 1925 now drawing to a close, saw some marked extremes of activity and of quiet. In many ways it resembled 1924 and 1923, chiefly in the fact that the year opened quite actively but that things slowed up as the year advanced.

Increase in Trade Volume

IT DIFFERED from 1924, however, in that industry and trade found a low point, that is of relative quiet, earlier than did 1923, and this low point was not anything like as low as was that shown in the reaction of the midsummer of 1924 and the rally therefrom was quicker and greater. Hence, 1925 generally will show a larger trade done, a larger quantity of goods manufactured and a little better margin of profit for those who appreciated the changes in trade currents and went along with those changes.

The year just ended saw a much greater volume of speculation than did the years just preceding. This included operations in stocks, grain and real estate. The New York Stock Exchange sold 75 per cent more shares than in 1924 and prices for industrials made new highs while rails in price strength lagged relatively behind earlier years when rails were the chief object of interest.

The real-estate developments in Florida were certainly marvelous and building there was enormous.

In industry gains in output over 1924 were practically general. In a few lines like pig iron and steel output, 1923 totals were not quite exceeded although steel production made for better comparison with 1923 than did pig iron.

A strike caused a decline in anthracite coal from both 1924 and 1923 but the same strike spurred bituminous coal and coke production.

Lumber orders, production and shipments, coke output, car loadings, silk and cotton consumption, bank clearings, retail trade, mail-order buying and chain-store business all exceeded 1923 as well as 1924. Production and consumption of cement and of natural and artificial silk (rayon) broke all records, the first perhaps emblematic of the great constructive operations, the latter of the great buying of so-called luxuries for which 1925 was notable. New high levels of building expenditures and of automobile production may be cited as additional elements in the high-record classes.

A large number of banks affected by "frozen assets" closed but not so many did as in 1924. The railroads were prosperous, but bought fewer cars and locomotives after the big buying of 1924. Failures and liabilities fell to the lowest point in five years.

The year was out of the ordinary in agriculture. The first nine months saw a deficit of rain, and drouth cut yields of many crops, notably wheat. Heat followed by frosts in early June hurt fruits, potatoes and corn. The last three months saw an excess of moisture in some sections, as in corn and cotton regions, retarding harvesting and impairing grades.

Big Year and a Good Year

THE YEAR as a whole saw irregular crop yields with a practical total loss of the wheat export business of the preceding year, but in this case the farmer was saved from himself as Europe seemed to have plenty until the autumn when concern about Argentina and Australian crops caused a sharp rise.

The farmer in fact this year ceased to be a big surplus producer of wheat, potatoes and some other crops, but raised big yields of corn and cotton, the latter making up for a good part, but not all, of the loss in wheat in export trade. The weather, not the grower, decided the harvest because the grower generally planted big acreages. The value of all farm produce is estimated to have gained slightly over 1924, 8 per cent according to the Agricultural Department.

The Price Index Numbers, showing slight downward and upward swings with a small gain over the year, concealed rather than disclosed big wide swings upward or downward in wheat, corn, cotton, rubber, hogs, potatoes, coffee and a variety of other products. Stabilization of prices in fact remained a theory, that is if individual movements are considered.

It was a big year and on the whole a good year with the usual crop of predictions of trouble or of good happenings failing to be gathered. In a year when hand-to-mouth buying was stressed, sales of immense quantities of goods on instalments furnished columns of forebodings, some of these having to go over into 1926 for fulfillment or for cancellation. The building trade and the automobile industry, two prolific producers of pessimistic prediction, went strong and were still going strong at the latest dates.

As long as the careful buying, so often complained of and yet so frequently commended continues, the fears of overproduction of ordinary goods, based on the concededly large producing capacity existing, need hardly give concern.

In the case of the farmer, however, his natural inclination to plant freely will probably be stimulated by the good prices received so far from most of this year's crops. As pointed out above, nature saved him in 1925, but whether it will save always from overdoing it, is a question. On this latter point will probably hinge a great deal of the trade and industry of 1926, the early months of which seem rather more secure than in other recent years.

Father of Eight Seeks Better-Built Toys

MASS production is causing carelessness on the part of certain American manufacturers, complains a reader of NATION'S BUSINESS. In a letter to the editor, he says in part:

"The United States is, of course, a nation which delights in its mass production, and on account of its success along these lines has become somewhat careless in the details which make for perfection.

"As the father of a family of eight children, I have had more or less experience with this lack of perfection, or rather, care in the minor details which if properly attended to would add so much to the value of an article, particularly when one considers those things which children use in their daily play.

"In speaking on this subject I have in mind particularly the better grade of nationally advertised products, especially the better grade of toys. For example, one buys a bicycle or two from one of the recognized leaders in America only to find that after forty-eight hours' use by the children the wheels are entirely destroyed due to the fact that they were not properly adjusted before delivery; the bearings are loose, the lack of lock washers causing important nuts to come off entirely, so that before the ink is really dry on the check which paid for the commodity, it is at least 50 per cent ruined; and before the month is over, there is hardly enough left to scrap.

"One buys a first-class, four-wheel coaster of the best and most expensive type on the market, and for the lack of a little judgment the wooden handle, although of splendid grade hardwood, is off in a day or two because the manufacturer skimped half an inch or so at the wrong place, and then instead of putting in a bolt put in a couple of half-inch screws which would be of little use even on an infant's toy.

"Lock washers and cotter pins are put on to make sure that the wheels stay in place, and then the metal cap is slipped on over the job, but the first good jolt sends two or three of these into the discard, and then the cotter pin is exposed to do its darndest in tearing the children's clothes. After several days two or three nuts joggle off, because they were not supported with washers or upset bolt ends.

"The result is that a very useful and enjoyable toy is ready for the blacksmith's shop or the junk heap. This condition of the lack of attention to the important details—I say important because in children's toys nothing is more essential than to have them put together so that they will keep in use without the attention of a crew of repair men—is very annoying."

A man with eight children ought to have had some experience. Buying for two children will keep an editor poor.



The picturesque old tramps are gradually being crowded out by business-like liners with regular runs and definite time tables

The Lady and the Tramp

By E. S. GREGG

Illustration by Gordon Grant

A SHIP plying regularly between scheduled foreign ports is called a liner by the public and felicitously called a lady by Kipling. In equally picturesque phraseology the drab general cargo vessel has come to be known as a "tramp." The ocean-borne trade of the world is carried by these two kinds of ships.

Liners ply between terminals almost as regularly as railroad trains. Tramps, in contrast, have no fixed routes or regular sailing schedules; they go from port to port wherever cargo offers. The demand for ship tonnage varies because of the seasonal nature of crops and the needs of commerce. It is largely this irregular movement of cargo which calls for tramp ships. Steamships in liner trades are operated by their corporate owners; tramp ships most frequently are offered for hire to anyone who desires to move a ship load of cargo at one time.

A tendency toward large-scale organization and consolidation in business has been noticeable for several decades. This tendency in shipping was accelerated by the centralized control imposed during four years of war. As a result the liner has been replacing the tramp ship and competition in shipping is now largely between big groups. The extent to which this tendency has progressed is of general interest and the question arises: "Has the Merchant Marine of the United States benefited by the change?"

A British writer has recently said, "The modern tendency toward greater units in the business world is fully exemplified in shipping. The small shipowner still flourishes, and it is well that he should continue to do so, but for the most part he is a new man, and with success his unit grows either by natural development or by combination. It is to a great extent the continual appearance of new men in the industry that has kept shipping up to date.

"The new man is naturally venturesome and ready to try new methods which give promise of an advantage over older methods employed by those amongst whom he is attempting to gain a footing. It is almost from the first his great aim to become the head of a regular line; indeed, many instances could be quoted where the owner of one small cargo steamer employed in tramping has by perseverance and success in the first instance, and then by doggedly working at the development of one trade, built up a great liner company." New shipping companies in this country should find encouragement in this quotation.

This human motive toward larger units in shipping is supported by other factors. One hundred years ago, when the volume of ocean-borne trade was insignificant, little necessity for large shipping companies existed. A ship or two in a particular trade could be managed effectively by one man or one organization; a dozen ships on half a dozen routes could not be handled readily effectively in this way because of the lack of quick communication and the extreme peculiarities of the different trades.

Today, however, the volume of traffic is large over most of the shipping lanes. The

exchange of ideas and information is almost instantaneous. The marked differences in customs and trade practices which existed a century ago have tended to disappear and to render extreme specialization unnecessary. The result is that 25 ships can be managed today by one organization about as effectively as three or four ships. The solicitors required for three or four ships can get cargo almost as easily for 25 ships.

Advertising increases not nearly in direct proportion to the size of the line. The same shore organization required for one ship a month can take care of one ship a week. It is an economic truism that the price of nearly all articles declines considerably as the size of the purchase increases. Large organizations can purchase supplies cheaper than small ones. The shipping business is notoriously uncertain. It feels keenly the cycles of prosperity and depression in industry.

Because competition plays with almost unrestricted force in ocean shipping, the depressions in shipping have uniformly been much more prolonged than those in industry. The larger a shipping company is, the easier it is in times of good rates to lay aside reserves against the bad years which inevitably come.

Increase in Liner Tonnage

TRAMP ships were considered to outnumber liners before the war. The idea that two-thirds of the ships of the world were tramps and only one-third liners was generally held. This idea was erroneous, but tramp ships made up perhaps between 30 and 40 per cent of the tonnage of the world. A post-war study recently completed shows a remarkable change. Today at least 80 per cent of the shipping space offered for the carriage of cargo and passengers is offered by liners and less than 20 per cent by tramps. (See the accompanying table, which is based on figures for 1922, the latest available when the study was undertaken.)

The increase in the proportion of liner tonnage since 1913 had several causes. The principal passenger companies have steadily increased their ownership of cargo liners. Corporations engaged in supplying meat and fruits are more and more buying special types of refrigerated ships for their own trades. The steel business from ore to finished products is now largely handled in ships belonging to the large companies. The increasing dependence of the oil industry upon sources of supply widely separated oversea from the centers of consumption has caused the oil companies to own their own vessels.

Today six British companies with their affiliations own and control 8,200,000 gross tons, or almost half of the British merchant marine. Three companies own one-third of the French merchant fleet. Three companies own one-third of the Japanese fleet. These twelve companies own 11,000,000 tons or three and one-half times as much as the tonnage of American ships engaged in foreign trade, and one-fifth of the tonnage of the world. In other words, combination in shipping has assumed major proportions.

Forty-six per cent of the liner capacity of the world is in the North Atlantic. This statement does not mean that 46 per cent of the shipping of the world is in service in the North Atlantic.

The ships engaged in this trade have a shorter route than ships trading between Europe and the Far East or South America. Furthermore, the fastest ships are in the North Atlantic. Because of these two factors, ships in the North Atlantic can make more trips in a year than those in the longer trades and consequently fewer ships offer a relatively greater cargo capacity in the course of a year.

Another surprising feature is the relatively small amount of shipping capacity offering in the Pacific. The trade from Europe through the Suez Canal ranks second among the deep-sea trades and that between Europe and South America third, with the Pacific area a poor fourth.

The changes from small to large organizations in shipping and from the tramp to the regular liner type of service have important implications for the American Merchant Marine. The merchant fleet of this country has never had many tramp ships in it. Our ships have uniformly been engaged in liner service. All of the Shipping Board's vessels now in operation, which make up 80 per cent of the American tonnage in the deep-sea trades, are giving liner service. There are scarcely a dozen ships under the American flag that are put up in the charter market for use as tramp ships.

The successful operation of tramp shipping calls for a degree of specialization not possessed by many American shipowners and not easily acquired by anyone. It calls for detailed knowledge of all the ports of the world, the times at which cargo normally moves over the various routes, details and costs of bunkering, port charges, and a hundred other items. The operator of a line of ships between two countries, on the other hand, can learn the intricacies of his particular trade in a few years.

Clearances of Ships With Cargo

Thousands of Net Tons

Route	Total	Liners	Per cent liners
North America to Europe	25,832	20,796	80
North America to South America	2,016	1,709	85
North America to South Africa	294	209	72
North America to Australia	845	652	77
North America to Asia via Panama and Suez Canals	1,290	1,205	94
North America Pacific Coast to Asia	2,852	2,139	75
Europe to Asia via Suez Canal	6,384	6,107	95
Europe to South and West Africa	1,926	1,519	80
Europe to Australia	2,050	1,802	87
Europe to South America	5,918	4,379	74
Total	49,517	40,516	81

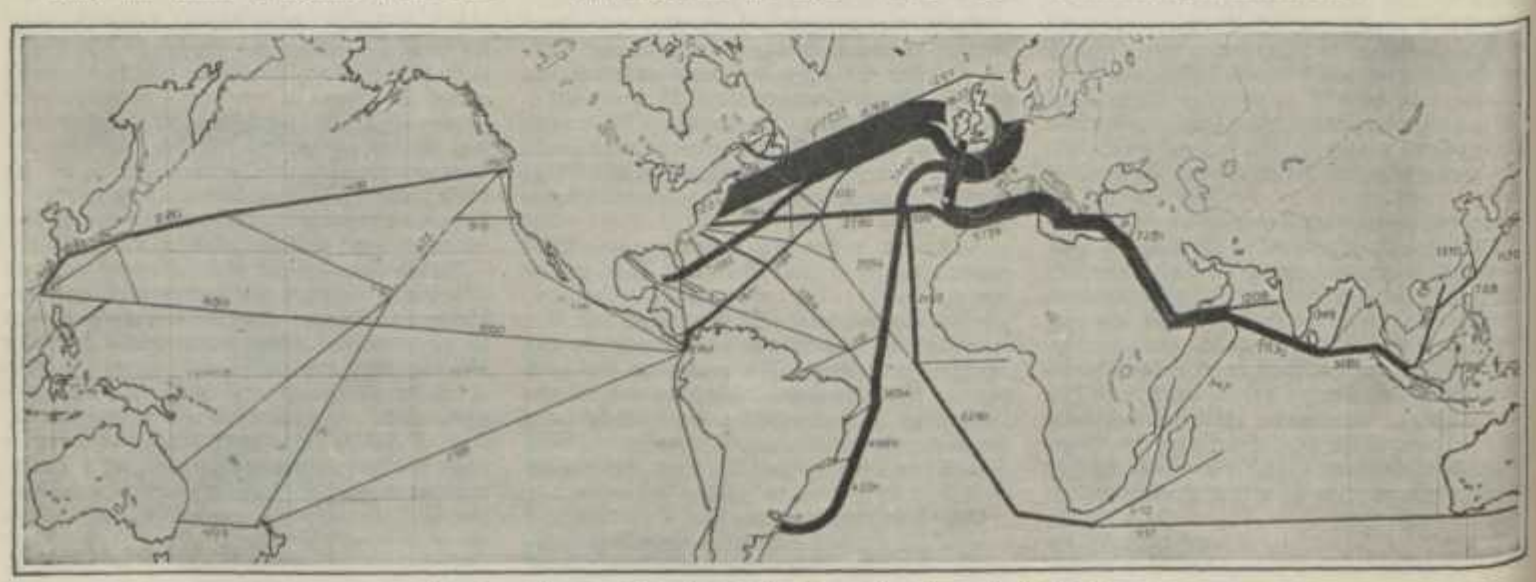
Genius for Organization

AN ESSENTIAL element in the success of the American business man is the genius for large and thorough organization. Shipping today needs organization; the idiosyncrasies of the small tramp operator are anachronistic. As the volume of trade has become larger, the methods of handling it have become more standardized. The whole tendency of development is in this direction. It is fairly obvious, therefore, that the changes from the tramp to the liner and toward larger units give the American Merchant Marine a better opportunity for success. The liner is gradually pushing out the tramp ship.

Many bulky articles, however, are moving in increasing quantities by liners. Wheat was formerly regarded as exclusively a tramp-ship commodity. Last year 80 per cent of the grain moving out of New York went by liners. The explanation is simple. In many cases at the scheduled time of departure of a liner, there is vacant space in the holds. The liner can afford to carry grain in this empty space for practically nothing because it has to sail on the fixed date loaded or partly loaded.

It is unlikely, however, that the tramp ship will ever disappear. There will always be peaks in the movement of agricultural commodities which the regular liners in the trade will not be able to handle, and some commodities, such as coal, which liners cannot handle economically.

The drab is not succumbing weakly, but is affecting the manners of the lady. Ordinary cargo ships which formerly led an irregular life, going anywhere for a cargo, now run on regular schedules between definite terminals. It is regularity of service which distinguishes the liner from the tramp. By putting off irregularity and putting on regularity the drab succeeds in passing for a lady.



How ocean-liner tonnage is distributed. Figures show thousands of net tons

This Mortgage Made History

By WILLIAM CHAUNCY LANGDON

IN 1869 a widow in the northern part of New York State put a mortgage on her home for $400, in order to help her son, a young man 26 years old, buy a half interest in a little electrical manufacturing concern in Ohio. The young man acquired a share in the business and managed it well. It is now known as the Western Electric Company.

In the spring of 1855 Sidney William Barton bought a little farm in Greensettlement, Adams, Jefferson County, New York, for $600. But he never saw the place after it became his own. He was already a sick man and he died on September 19 of that year at the Barton homestead in Lorraine, only 8 miles away. He was 44 years old at the time of his death. He left a widow and six children, who moved into the new home and lived there many years.

Began as a Messenger Boy

MRS. BARTON was Miss Fanny A. Bliss, the daughter of the local minister, the Rev. Enos Bliss. She was born in the same year as her husband, 1811. In their early childhood they were playmates, and the close friendship of their youth culminated in their marriage.

The third child of this union, Enos M. Barton, was born in 1842. When his father died, Enos was not yet 13 years old, but the exigencies of the family required that he leave school and go to work. He found employment as a messenger in a telegraph office at Watertown, the county seat. The telegraph operator was a man of some education and experience in teaching.

He took an interest in the boy, taught him Latin, arithmetic and algebra. This enabled Enos Barton later to enter the University of Rochester, where he spent a year, at the same time working as a night operator for the New York Central Railroad. He then went to New York City to work, and so was able to spend a year in the College of the City of New York. This ended his formal education.

During the Civil War he served as a telegraph operator, sending night press reports. He returned to Rochester after the war and became the chief operator of the Western Union Telegraph Company in that city.

A reduction of his salary from $100 to $90 a month made him discontented. At about the same time the Western Union Telegraph Company decided to close its supply shop in Cleveland. The foreman of that shop was George W. Shawk. Shawk bought part of the equipment and started in business for himself, making various kinds of electrical and other apparatus, including inventors' models. On a trip to Rochester to get a contract for a fire-alarm system, he met Enos M. Barton. They discussed the matter of forming a partnership and came to an agreement. It was to help Enos buy a share of this business that Mrs. Barton mortgaged her home.

The amount of the mortgage was $400; the interest rate was 7 per cent. The date of the mortgage was March 20, 1869. It was signed by Mrs. Fanny A. Barton and the four of the six children who were at that time of age. Alvin L. Barton, of Rochester; Ellen G. Barton, who three years later married Dr. Sumner J. Barber, of Portland, Oregon; Enos M. Barton and Emory D. Barton. The two younger children were George P. Barton, later General Patent Attorney of the Western Electric Company; and Miss Adelia C. Barton, who is still living in Rochester. As they were minors, they did not sign the mortgage.

The mortgagee was James G. Kellogg, the father of Milo Gifford Kellogg, the inventor, who was later associated with the Western Electric Company, and who founded the Kellogg Switchboard and Supply Company.

How much Mr. Barton paid for his share seems uncertain. At one time Mr. Barton himself said he put in $700 or $800. His brother, George P. Barton, however, has said that the sum was $1,500, including the $400 he received from his mother. Certain it is, however, that this mortgage represents the original financing of the partnership which Enos Barton now entered and that his mother's home was part of the foundation of the business. As his business was prospering and he could therefore make a great deal more than the interest on that borrowed $400 by keeping it invested, Mr. Barton paid interest on the mortgage at 7 per cent for 18 years. It was characteristic of his business acumen not to shut his eyes to that fact just because the amount was small.







A page of the historic $400 mortgage which Enos M. Barton's widowed mother put on her home to help her boy buy half interest in a little electrical manufacturing concern. Today the concern is known as the Western Electric Company. Above is Enos Barton as a young man; left, as he appeared in the prime of his life.

George W. Shawk did not continue as a member of the firm for more than six or eight months. Their best customer was the inventor, Elisha Gray. He bought out Shawk's interest and seniority in the partnership, and in November, 1869, the firm was reorganized under the name of Gray and Barton, each supplying $2,500 of the capital.

About two years later Gen. Anson Stager, general superintendent of the Western Union Telegraph Company, offered to go into the firm on condition that the business should be moved from Cleveland to Chicago. Ac-

cordingly this was done, and in March, 1872, the business was incorporated under the name of the Western Electric Manufacturing Company, with General Stager as president and Enos M. Barton as secretary. Mr. Barton continued to manage the business, and it prospered. Its customers now included the American District Telegraph Company as well as the Western Union.

During the struggle between the Bell Telephone Company and its successor, the National Bell Telephone Company, on the one hand, and the Western Union Telegraph Company with its subsidiaries, the Gold and Stock Telegraph Company and the American Speaking Telephone Company on the other, Enos M. Barton's company did the manufacturing for the Western Union side. The telephone patents of Elisha Gray were an important part of the basis of the Western Union claim. That case was settled on recommendation of George Gifford, chief counsel for the Western Union Telegraph Company, on November 10, 1879.

Very soon afterwards the manufacturing of all telephone apparatus was consolidated, the manufactory of Charles Williams, Jr., in Boston and other firms being merged into a new organization, the Western Electric Company, incorporated July 18, 1881.

Largest Manufacturing Concern

AT THIS reorganization Mr. Barton became the vice-president. On General Stager's death in 1887 he succeeded to the presidency, and retained that position until 1908. He then became chairman of the Board of Directors and held that position until he died on May 3, 1916. The Western Electric Company was in the fullest sense of the word the work of his life.

In contrast with this $400 corner-stone of the business, after only 55 years the figures of the largest manufacturing concern in the world are peculiarly impressive. In the one month of August, 1925, the Western Electric Company did a business of $27,775,000, and in the eight months from January 1 to August 31, 1925, it did a business of $198,738,000.

The original mortgage passed into the hands of George P. Barton. In 1919 he gave it to DeWitt C. Tanner, the present general patent attorney of the Western Electric Company. In March, 1925, Mr. Tanner gave the mortgage to Charles G. du Bois, president of the Western Electric Company, to be deposited in the American Telephone Historical Collection at 195 Broadway, New York City, for permanent preservation. It is there treasured as one of the most interesting and inspiring documents in the development of the entire Bell Telephone System.

Selling Knowledge by Mail

By JAMES H. COLLINS

ONE EVENING more than fifty years ago, the president of a bank in a Pennsylvania coal town led a party of officials into a mine, of which he was also superintendent, to investigate a strange gas that was making miners sick.

Next morning a searching party found the lifeless bodies of the whole party. At that time, little was known of mine ventilation, and accidents were accepted as almost inevitable, but this tragedy aroused wide sympathy because the victims were so prominent in the community.

First Correspondence Course

A YEAR or two before, an ambitious young newspaper man had taken hold of the local daily. The accident set him thinking and he advocated a state law requiring mine officials and miners to pass examinations before they were entrusted with the safety of men working underground. The law was passed and he turned to the task of helping mining people get the necessary training. Thousands of miners did not even know elementary arithmetic. He imported and reprinted the best English works on coal-mining practice, started a journal to teach scientific mining, organized an institute where technical lectures were delivered, and made his office a center where mine men could gather for discussion.

Thousands of miners in other anthracite fields wanted help and the young editor started a question-and-answer column in his mining journal. Questions came in such numbers that it was impossible to answer them all directly and, as hundreds of miners asked the same questions, he printed pamphlets covering the main subjects. This led eventually to the preparation of a series of pamphlets which gave a complete course of instruction in coal mining.

Thus began in this country the first commercial "correspondence course."

The method wasn't new. Some of the ancient Romans left series of instruction letters that are virtually mail lessons. In England and Germany, more than a century ago, correspondence instruction was given in ethics, morals and politics. In Germany and France, many years ago, languages were taught this way; and in the United States the Chautauqua movement had already created a demand for mail instruction. But the coal-town editor was the first to establish a course of instruction for men at work and to sell it at a profit—first to establish what has since become a thriving American business.

The other day, there died in New York City a man whose career was commented upon by the newspapers as out of the ordinary for two reasons: He was a teacher. And he left at least a quarter million dollars. Had he been more selfish, his associates said, he might have left much more. He made his money from a correspondence school.

These correspondence schools have sprung up all over the country. The largest has had an enrollment of 2,500,000 students, women as well as men. There are others whose enrollment runs into the hundreds of thousands. There are innumerable small ones, many teaching single specialties.

Harvard, Yale, Columbia and other universities—more than seventy-five colleges and 200 schools—have departments for correspondence instruction. The total mail-study enrollment in the United States is estimated at between four and five million students, which is nearly five times the whole enrollment in all our universities and colleges, great and small. Somebody in every fifth family in the United States is "taking a mail course" of some sort.

"How to Train Unruly Horses"

THERE is at least one business concern specializing in the resale of used correspondence courses. For example, Jim Jenkins takes mail instruction in plumbing, or scenario writing, and when he finishes sells his lessons to an exchange, which sells them again to anybody who will buy.

Naturally, no instruction goes with the books in that case, but it has been found that a great many persons who enroll for correspondence instruction merely want the books and never send in any lessons.

A professional horse-breaker sat down, after a successful career, and wrote a little book about "How to Train Unruly Horses." Then he went to an advertising agent and said, "Show me how I can advertise this book and make money out of it."

The agent advised him to split it up into a dozen lessons, write questions at the end of each section and advertise it as a correspondence course. It is said that the horse-breaker made money out of the enterprise.

An author went to one of the best-posted copyright attorneys in New York with a similar question: How could he make money out of a book about business management? The answer was the same—"Rearrange it in correspondence style." The book attained a circulation that made "best sellers" look insignificant.

Popular With the Chinese

THE mail-study idea has traveled over the earth, until no country seems to be without students sending lesson papers to institutions in the United States, or to foreign branches of American correspondence schools. This kind of education is especially popular with the Chinese, who study both at home and while attending college in this country—and the young Chinaman's lesson papers run uniformly 100 per cent. I was shown a handful of such papers from the morning's mail, ten to twenty pages each, beautifully typewritten in good English, involved theses on architecture, plumbing, business administration, textile manufacturing, structural engineering, all illustrated with diagrams.

"And when we mark a lesson 100 per cent," explained an instructor, "that is the rating not only of the subject matter of the lesson, but of English, punctuation, draftsmanship and every other element of study that may be involved."

Except for the extension courses of the colleges, correspondence education is frankly commercial, sold by business institutions that make a profit on it, through organization of field agents, as they are called, who are part salesmen, part collectors and part stimulators to study. The profit is reasonable, so far as I can learn.

The president of one institution told me that success in this field, as with dry goods or telephone service, depends upon giving the utmost value for the money. Once let students get the feeling that they have not received value and the business would be blighted. Of his own policy, he said that year after year about eight cents on the dollar was set aside as gross profit and the remaining ninety-two cents spent for the service of students.

The other day, the dean of a business school

in an eastern college told me that his classes were strictly limited by his ability to raise money. He was in New York then on the trail of money for new classrooms and dormitories. But no correspondence school seeks endowment. When these institutions need money for growth, they quietly sell stock to private investors. Many of them grow, however, on their own earnings.

Expenses Minimized

EACH student enrolled begins paying for education as he receives it. Overhead and investment are minimized where the student does not attend in person. The college must have its classrooms, laboratories and dormitories to say nothing of its campus and athletic bowl. The correspondence school's whole equipment is limited to desks for instructors, with clerical, mailing and sometimes printing facilities—and, of course, its administrative and sales organization.

The student furnishes classroom, laboratory, dormitory and campus—they are all in his own home. One institution with more than 2,000,000 enrolled pupils is housed in a couple of buildings with nine acres of floor space.



COURTESY LA SALLE EXTENSION UNIVERSITY, CHICAGO



Correspondence-school instructors in action, grading papers for unseen students. The mailman delivers lessons to every fifth family in the United States

If a college professor were told to go out some morning and look for new students, he might not know where to begin. The field man of a correspondence school knows dozens of places. Working out of a district office, he begins by calling on students who are already enrolled.

Here is a young journeyman plumber who lately went into business for himself—he is taking a course in sanitary engineering, or contracting, or general business methods, has just hired a new foreman who has about made up his mind to study plumbing and heating principles. Down the street, a little way, there is a sizable machine shop with a half dozen journeymen pupils who study together, and its superintendent is also studying at home, a fact that the field man keeps to himself because the superintendent has asked him to. As he visits each student, the field man interviews other workmen who may eventually enroll.

If he represents a large institution, offering chiefly trade, technical and commercial schooling, the field man is a collector, coming around once a month to get an instalment payment from each student. As he collects the monthly payment, the field man chats about the student's progress, compliments him upon his persistence or, if he can, clears up some knotty point in the current lesson.

With a field organization of less than 1,200 representatives, the largest correspondence school in the country covers every part of the United States and Canada, through eighty district offices. In some of the thinly populated sections it may take from one week to a month to reach a student who asks for special attention, but in large industrial centers a call for help will generally be answered within a day or two.

Where instalment payments are collected, it is to the interest of the school and its field men that the student be kept working. Even where the course has been paid for in advance, it is good business to encourage the student because his success will encourage others.

"Here is what men and women have accomplished through study," says the field man to the prospective student. "You are surely bright enough to do the same thing."

If the prospective student is a machinist and aspires to foremanship, he will be told of actual cases in which men have achieved that particular advancement, and perhaps introduced to such men in his own town. The other day, one of the field men of a large correspondence school wired in to headquarters for information about farmers who had become chemists. A country boy in his territory was willing to study chemistry if it could be proved that a fellow in his circumstances could really get a grounding in chemistry sufficient to land a job. The school records were searched and a number of cases of farmers learning chemistry digested for the field man.

The typical mail-course student is between 25 and 30 years old, or between 30 and 35 if he studies something of a professional nature, such as business administration. Less than 40 per cent have attended high school, 5 per cent have gone to business college, 8 per cent have college training, 2 per cent have no education at all. He is a man who either had no opportunity for schooling in his 'teens, or quit school to go to work.

Where Students Are Found

LIFE has taught him what he ought to know, so he is not only willing to study but knows, in most cases, exactly what he wants to study. Government figures show that, of every hundred children who reach the fifth grade in our public schools, only thirty-four enter high school. Of these, only fourteen graduate, seven go to college, and only two finish the college course. Thus, the correspondence school has ninety-three folks out of every hundred, between 25 and 30 years of age, as possible students, and it is the business of the field agent to find them.

It is plainly more than a sales job. The field man sells, not merely a course of study, but the determination to study it. He finds his prospective students in factories, mills, mines, aboard ship, running street cars and motor trucks, on farms and ranches. He must be a good scout, and have leadership and a spirit of human helpfulness.

Wherever possible, the field man likes to enroll a new student in the latter's home. He may see him at work for several months, dropping the suggestion that the prospective student enroll for promotion, and telling him what others have done, but when the decision is finally made there is a great advantage in having the student's family understand what he is tackling.

Next, the field man enlists the student's employer, making reports of his progress if he requests it. This is one of the greatest

incentives to regular study—it has been found that students whose percentages are reported to employers send in twice as many lessons as those who do not.

Absolutely bewildering are the different kinds of long-distance education obtainable, and the different kinds of people "taking courses." Nothing so definitely proves its common human usefulness.

"Please try to imagine a man in charge of an oil shale camp," wrote one student in a western state, "doing construction work on top of a mountain, eight thousand feet above sea level, twenty miles from the nearest little town, fifty from a town of any size, getting in his supplies by packing them on horses two thousand feet up on a trail, working in slush and snow, living in a tent with no modern conveniences, planning with the Chief until about one o'clock in the morning, and getting up at seven, working every day including Sundays—and studying the rest of the time!"

But not all students are so lonely. In many industrial sections, the offices of correspondence schools from which field men work come pretty near being college campuses.

There are big correspondence schools that everybody knows about, with their active students running into the hundreds of thousands, and little correspondence schools that neither you nor I ever heard of, professing to teach subjects that range from how to sell live stock by auction to playing the snare drum. An exchange dealing in second-hand lessons handles more than 1,000 correspondence courses.

Some schools furnish simply reading courses, without service in correcting lessons, and there seem to be subjects which are satisfactorily taught that way. But the majority furnish instruction—that is the element that makes correspondence education most serviceable to the student. Left to himself, with a library of books on the subject he wants to master, he could in time run down all the necessary information and reduce it to principles applicable in his work. But by that time he might be old enough to retire! Correspondence teaching does the sifting for him, hands over the principles, and sees that he learns how to use them as every-day tools.

Re-making Our War-torn Workers

By Brigadier General FRANK T. HINES

Director, United States Veterans Bureau

IN 1918–1919 more than 4,000,000 men were taken out of their regular industrial, commercial, and professional pursuits and were placed in the armed forces of the United States. At the conclusion of the war the majority of these workers were quickly placed back in their regular occupations. This was due, in no small degree, to the patriotic spirit of our country's employers.

There were, however, hundreds of thousands who were not able to resume their places in the ranks of our country's workers. Many of these men, due to the ravages of war, had to spend wearisome and suffering years in hospitals and on sick beds. There are still confined in Veterans Bureau hospitals and other hospitals 22,744 victims of the World War.

Valid Claims

THERE is another class of those of our citizens who served in the World War for whom return to their normal places in industry was rendered especially difficult and in many cases impossible. Almost 700,000 of the more than 4,000,000 of our citizens who were enrolled in the armed forces during the war have declared to the National Government that because of sickness, wounds, or other disabilities incurred in, or aggravated by, the war, they were rendered unable to pursue the same line of work which they had pursued before the war.

Out of this total number of some 700,000 the United States Veterans Bureau has found valid the claims of more than 300,000 and has declared them eligible for training for new occupations under the various vocational rehabilitation acts of Congress.

A total of 179,932 disabled soldiers has entered upon this special government training since the beginning of the rehabilitation work in 1918. More than 97,000 men have now finished their various courses of training and have taken their new places in our nation's industry. About 20,000 are still pursuing this training.

Our Government in setting up provisions for the training and rehabilitating of disabled soldiers of the World War has been actuated chiefly by the three following purposes:

(1) To discharge in the most helpful way possible its sense of obligation to its defenders;

(2) to give to these individual men its assistance toward enabling them to stand on their own feet and fight life's economic battle successfully; and

(3) to give to the country as a whole the economic benefit of having these men become active, productive factors in our nation's up-building.

The training and the educating of this large number of disabled ex-soldiers has been done mostly in the regular public schools, colleges, universities, factories, and workshops of the country, under only the general supervision of the Veterans Bureau. As these students or trainees necessarily constitute an entire cross-section of American manhood it is but natural that they should be trained for many different pursuits, and with different degrees of success.



COURTESY U. S. VETERANS BUREAU

These disabled veterans of the World War are learning drafting and machine design under special government training. More than 97,000 ex-service men, injured in the war, have been fitted for some particular work by the Government and have taken their places in the nation's industry

500 Callings

MORE than 500 callings and employment objectives have been chosen and agreed upon by the men and by the Government.

In the various vocations for which they have been trained it is expected by the Government that their war-inflicted disabilities will not serve as handicaps in their competing success-



THIS heavy machine shop is one of 10 buildings included in a million dollar contract just being completed by The H. K. Ferguson Co. for the Continental Gin Co., Birmingham, Ala.

The Ferguson organization designed the entire project, constructed the buildings and *guaranteed* them—not only as to design, but also as to delivery date and Owner's satisfaction—without argument. It is regarded as the best and most up-to-date plant in the south to-day.

In the last few years Ferguson has designed, erected and equipped hundreds of factory buildings for America's great industries on this same basis. When *you* need more floor space, call a Ferguson executive and learn how much time and money you can save by letting one responsible organization handle the job from start to finish.

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fully with their fellows. In other words, when the Government completes the training of these "disabled veterans" it is expected that they will be not disabled but able men in so far as their ability and usefulness is concerned. Thorough preparation for efficient work has been the goal aimed at by the Government and it is chiefly on the basis of these men being efficient and capable employes that the Government has asked employers to consider favorably their employment.

Practically all nations that were engaged in the great war have done something since the war toward restoring to a self-sustaining basis those of their citizens who were physically disabled. But no other nation has gone into this matter so extensively as has the United States, and certainly no nation has spent in this cause so much of the public funds.

It therefore becomes a matter of concern to determine to what extent this expenditure of effort and money has been justified. It will be readily recognized that the main results of this work will materialize in future years, both in the lives of those who have received the benefits of the government's special consideration and in the life of the nation as a whole.

Work Has Been Appreciated

THE REHABILITATION work of the Federal Government through the United States Veterans Bureau has provided education and training for men who were deserving of and in need of this assistance in their individual reconstruction. That this work has been appreciated by those receiving the assistance is evidenced by the fact that the Bureau has received thousands of letters voicing appreciation and also giving tangible evidence of improved economic conditions as a result of the courses of study and training pursued under the jurisdiction of the Bureau.

The rehabilitation program has caused thousands of men to work and to live for a definite goal, and for the attainment of such efficiency in a definite line of employment as would enable them to make a living in that employment. The program has forced schools to think of the vocational value or the adaptability of their institutional training; it has, in many cases, raised the tone of this training and demanded an increase in the quality and in the quantity of the equipment in institutions of learning. The rehabilitation program has also caused careful trade analyses to be made in most standard occupations with a view towards shortening the learning period; and it has also afforded a mental test laboratory which showed the close correlation of test and accomplishment in occupations needing keen minds.

Earnings Increase

IT IS BELIEVED by many of those who have been in close touch with the great rehabilitation program of the Government that the effects of this pretentious program upon the educational system of our country will be far-reaching.

Figures, statistics, and studies that have been made by the Bureau all go to show that there has been a very decided increase in the earnings of those who have enjoyed the privileges of the Government's rehabilitation program. As typical of the various studies made along this line mention will be made of those conducted by the Atlanta and New Orleans offices of the Bureau.

The Atlanta office took 70 ordinary cases of rehabilitation without any effort whatever at selection and found that the average annual earnings of these men before the war was $893. The average annual earnings of these men immediately following rehabilitation in their chosen employment objectives was $1,200. This gives a gain of 34 per cent in earnings and represents that their disabilities were more than made up for by the training that they had received.

The New Orleans office made a comparison between the average unselected cases and the average selected cases of rehabilitation. A total of 200 rehabilitated cases were selected at random from their files. It was found that the average annual earnings of these men were $805. The earnings after rehabilitation were found to be $1,193 per man, thus showing a gain of 48 per cent in earning power. The office then selected 27 cases, considered as above the average rehabilitation, and found that the average pre-war wage was $1,057 and that the average post-training wage was $2,255. The percentage increase in earnings in these 27 selected cases was, therefore, 113 per cent. It was especially noted by this office in its study of these cases that many of the



This ex-service man is learning to install telephones. The United States has done more to restore its physically disabled citizens to a self-sustaining basis than has any other nation engaged in the war



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A class in sign writing and poster making. Training in more than 500 different vocations has been given by the Government to men wounded in the war. This rehabilitation program has caused thousands of disabled veterans to work and to live for a definite goal. In most cases the annual earnings of the men have been increased over what they were before the war

The Studebaker Standard Six Duplex-Roadster

The Standard Six engine is the most powerful in any car of its size and weight, according to the rating of the Society of Automotive Engineers

$1125, f. o. b. factory



Why the Southern California Edison Company uses 90 Studebaker Cars!

THE Southern California Edison Company, a $225,000,000 public utility, is operating a fleet of 90 Studebakers.

Very little boulevard work falls to the lot of these cars. This fleet has delivered hundreds of thousands of satisfying miles of service, over the crudest of mountain roads in the high Sierras. Studebakers were chosen because of their capacity to contribute their share toward the spectacular development work of the Southern California Edison Company at Florence Lake, 8,000 feet above sea level, at Huntington Lake and at the headwaters of the Kern River.

Even under these strenuous conditions, the cost of operation of Studebakers has been remarkably low. Lower, in fact, than that of lighter cars used entirely for boulevard and city work.

Unit-Built Construction

Studebaker dependability is the result of Unit-Built construction under the One-Profit manufacturing system.

All vital parts for Studebaker cars — all engines, bodies, gear sets, differentials, springs, steering gears, transmissions, axles, gray iron castings and drop forgings — are made in Studebaker plants.

The result is a Unit-Built car. Because all parts are designed and built into one harmonious unit, the Studebaker functions as a unit. This gives much longer life, with scores of thousands of miles of excess transportation, greater riding comfort, minimum repair costs and, finally, higher resale value.

One-Profit Values

Another important result is the extra value made possible by One-Profit manufacture.

By making all vital parts in its own plants, Studebaker cuts out the extra profits and overhead of outside parts and body suppliers. These savings go to the purchaser in the form of much higher quality at much lower prices.

In addition, Studebaker values are stabilized by the "No-Yearly-Models" policy which keeps Studebaker cars up to date all the time, regardless of the calendar.

These policies of One-Profit manufacture, Unit-Built construction and "No-Yearly-Models," enable Studebaker to build cars which stand up under the trying conditions of fleet operation.

A New-Type Open Car

The Duplex models, exclusive with Studebaker, are particularly adapted for the use of salesmen and field workers. Fitted with Duplex roller side enclosures, they provide open-air airiness with closed-car protection. All curtain trouble is banished, the enclosures rolling up or down in 30 seconds.

Studebaker "No-Yearly-Models" Policy Stabilizes Studebaker Values

When writing for further information about STUDEBAKERS *please mention Nation's Business to the dealer*

men who had received the greatest handicaps were as successful, if not more so, in their training than those who were not so severely handicapped.

A great number of other studies have been made by other offices of the Bureau and reported to the central office of the Bureau in Washington and some studies have also been made from the statistics in the central office. All of these studies go to show an average gain of about 25 per cent in earning power immediately following rehabilitation as compared with the pre-war earning power of these men before they received their disabilities and vocational handicaps. Besides, it will be readily recognized that the special education and training given these men will prove to be in the majority of cases their chief capital for increased earnings in future years.

Worth-whileness of Program

THERE are many other elements besides the money element entering into the determination of the worth-whileness of the rehabilitation program of the Government, nevertheless it is more than probable that the general public verdict on this matter will be based upon the success of the rehabilitated man in the employment for which he has been trained. It is also more than likely that the average rehabilitated man himself will judge as to the worth-whileness of his training according as he prospers financially.

The Government, however, is more interested in how well the rehabilitated man is carrying on in employment and how well he is pleasing his employer. On the suggestion of the Veterans Bureau the United States Civil Service Commission in Washington sent out letters in June, 1925, to all of the various government departments in Washington, and to the district secretaries of the commission scattered throughout the United States, asking them for a true and unbiased statement as to the success or non-success of those in government employment who had received the benefits of vocational training at the hands of the Veterans Bureau.

Of 351 replies received, 121 rated the employes as excellent, 184 good, 41 fair and only 5 poor. The total of these figures does not represent the total number of rehabilitated men in government employment. Many of the replies received by the commission were of a general nature, and many departments of the Government had not yet replied up to time of the tabulation. However, it is felt that the replies from which the tabulation was made may be considered as truly representative of general conditions.

Those of the Civil Service Commission who have seen the above report consider it a most satisfactory showing. The Veterans Bureau feels that its rehabilitated men in government employment have acquitted themselves with great credit to themselves and to the Bureau.

An inventory of the employment situation in all of the 54 Regional Offices of the country was taken as of July 15, 1925, in order to learn the number of rehabilitated men who had not been placed in employment and for whose unemployment the Bureau held itself responsible. This inventory showed a total of only 436 men. In view of the fact that up to July 1, 1925, there had been a total of 97,215 men rehabilitated, the total of 436 on July 15, 1925, must be recognized as a most excellent showing and a most gratifying one to the nation as well as to the Bureau.

The success of the Government in finding employment for its rehabilitated men is primarily due to a most wholesome spirit of cooperation on the part of the general employing public. A large amount of credit for the successful employment of these men must be given to the United States Chamber of Commerce and its many constituent organizations, especially the chambers of commerce in the leading cities of our country.

Cooperation from Chambers

IN JULY the 54 offices of the Bureau, scattered throughout the United States, were called upon for a report on the cooperation received from their chambers of commerce.

All offices with the exception of two reported a most satisfactory attitude of cooperation with the Bureau. Some 26 offices reported that their chambers of commerce had given them helpful publicity and 25 other offices reported that their chambers of commerce had produced real results in the way of giving employment to rehabilitated men. The Bureau feels that the report as a whole is a most excellent one and speaks well for the chambers of commerce and their spirit in patriotic matters.

There are on file in the central office of the Veterans Bureau in Washington, many hundreds of letters from employers speaking favorably in regard to their experience in the employment of these men.

We are glad to have the opportunity to say that there are few letters that have come to the attention of the Bureau speaking in unfavorable terms on the same matter.

Ships—in Terms of Trade

A Summing-up of the National Chamber's Marine Conference

A PACIFIC COAST exporter, a short time ago, received an inquiry from a merchant in Shanghai who wished to purchase 6,000 barrels of flour.

The merchant's oriental customers liked American flour. He could establish a steady trade in it. The price at which he could obtain it was satisfactory. But—and this is the point of the inquiry—he wished to know whether he could get it when he wanted it and in such quantities as he wanted it. For various reasons he could not take the 6,000, or even 3,000, barrels in one shipment. The sale hinged entirely upon the method of delivery and the method of delivery hinged entirely upon ships.

A few years ago the American exporter would have been unable to give assurance that deliveries could be made in the quantities desired. The establishment of an American line from the Pacific coast port to the Orient, with regular sailings, had brought about a change. The exporter found that he could ship the flour in small quantities and he made the sale.

A hardware dealer in Singapore became interested in American goods and conceived the idea of building up a trade in them. The continuity of the trade depended upon his ability to meet promptly the demand he proposed to supply. This, in turn, depended upon regularity of deliveries and the regularity of deliveries hinged upon ships.

A book might be written about transactions of this kind, transactions that depend upon ships. What they mean in the aggregate may be judged in another way. In the ten-year period from 1914 to 1924 the number of clearances of American steamships from ports of the United States annually jumped from 953 to 4,833. At the same time the value of their cargoes jumped from 113 millions to 1,395 millions of dollars.

Or, to put it differently, when American ships carried only 5.9 per cent of the American cargoes, as they did in 1914, the total value of these cargoes was $1,924,977,000. When they carried 37.2 per cent, as they did last year, their value had gone up to $3,746,128,000.

All of which affords some basis for the deduction that trade and ships go hand in hand, which is obvious enough to the Scandinavian or Dutchman or Englishman who grows up with the tang of salt air in his nostrils, but probably not so clear to the American citizens of the great open spaces a thousand miles or two away from the seaboard.

Getting Products to Market

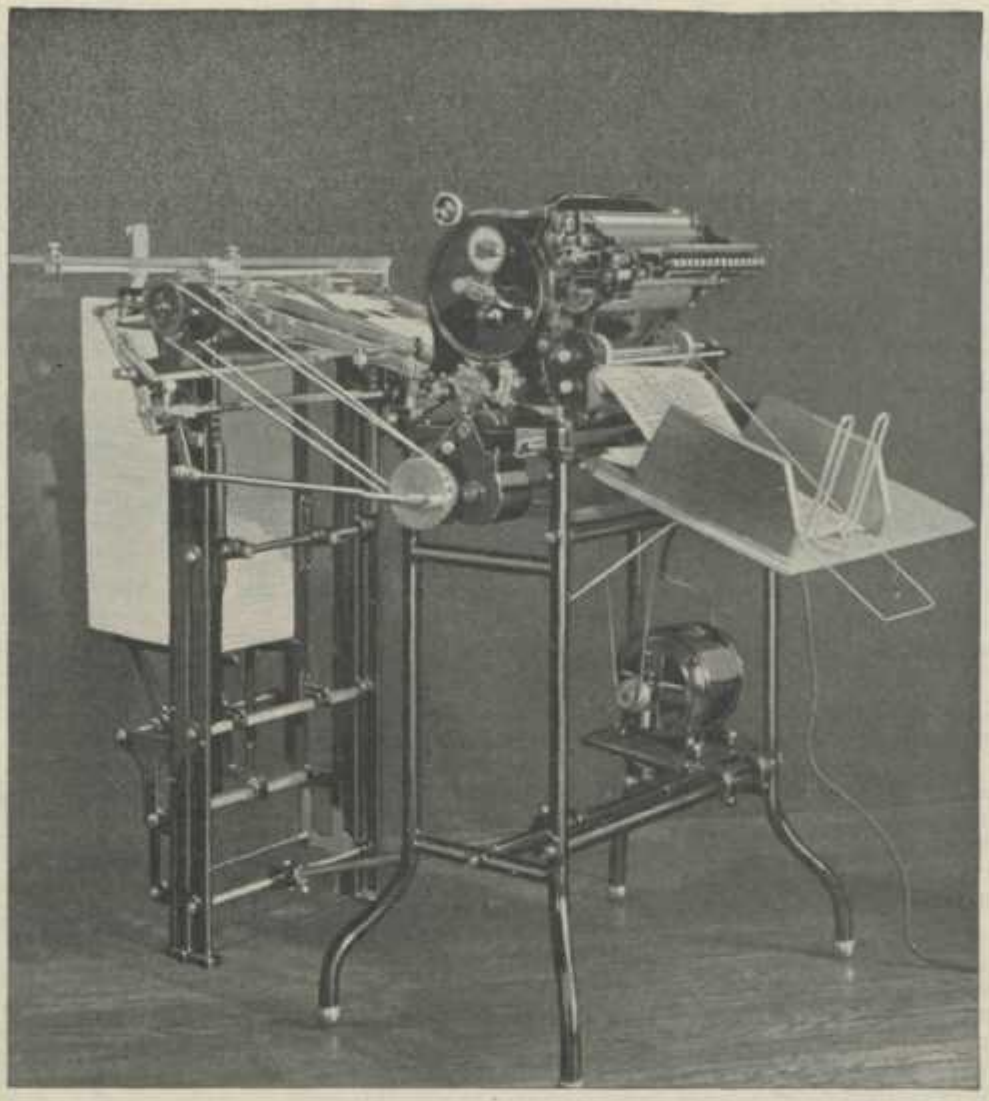
FROM this viewpoint, ships in terms of trade, the problem of a merchant marine was approached by the National Merchant Marine Conference organized under the auspices of the Chamber of Commerce of the United States. It was probably the first time that the shipping question has been approached as a trade question.

Four general aspects of it were considered by four committees not exclusively of shipping men, but of farmers, merchants, manufacturers, labor leaders, many of whom might not have known a hawser from a halyard but all of whom realize that foreign trade, and indirectly domestic industry, hinges in large measure upon ships. Neither was it treated as a salt-water problem. Regional meetings were held in the thirteen cities in the interior of the country as well as along the seaboard. At all of these meetings the merchant marine problem was considered primarily as a trade problem.

It was weighed not as a question of building and operating ships but as a question of getting American products to overseas markets—fruits and flour from the Pacific coast, wheat and grains from the interior, cotton from the Gulf section and manufactured articles from the industrial East—and of finding a way of broadening these markets, reaching out to far corners of the world which are now beginning to appear on the American trade horizon.

The surveys made by the four committees and the regional meetings prepared the way for the final general meeting which was held at the Chamber of Commerce of the United States on November 16 and 17.

The conference divested the shipping problem of many of the confusing and misleading notions with which it has become clouded. It came to two important conclusions: First, that "despite the millions, and even billions, expended upon our merchant marine during and since the World War, relatively little progress has been made in placing American shipping in our foreign trade on a permanent commercial basis"; second, that the "present government lines, *which have already proved of great service toward building up a normal volume of foreign trade which, in considerable part, did not exist before,* offer little assur-



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They used to pay $35.00 for 4500 of these "fliers". Now they produce 8500 at a cost of $27.50. The form is set up and address change made for every 500.

Facts like these have induced many a thoughtful executive to sign a Multigraph coupon—there's one below all ready for you—

THE AMERICAN MULTIGRAPH SALES CO., 1806 East 40th St., Cleveland, Ohio

the printing MULTIGRAPH

The Printing Multigraph

A high-speed rotary printing-press, power driven. Equipment complete with typesetter (not shown) occupies only about 4 x 8 feet. Feeds automatically. Feeder holds 5000 to 6000 sheets ordinary stock, any size from 3 x 3 to 11 x 14. Will take folded stock, cards, envelopes, etc. Machine prints direct from type or electrotypes with printing ink—colors if you wish. Saves 25% to 75% on a great range of printed matter for business or advertising use. Can also be used for form letter work.

Other Multigraph models to suit the needs of any business. Ask for demonstration.



Mail With Your Letterhead to
THE AMERICAN MULTIGRAPH SALES COMPANY
1806 E. 40th St., Cleveland, Ohio
(Place check mark in square)
1. ☐ Send me the book, "Do Your Own Printing".
2. ☐ Notify your nearest office to arrange for demonstration of your Printing Multigraph on my work.

When writing to The American Multigraph Sales Company *please mention Nation's Business*

ance of permanency of the essential shipping services."

To these it added, by way of portraying the present shipping situation as a trade picture:

"The steamship lines now in operation in the foreign trade of the United States, most of which are operated by or for the account of the Government, are needed in the interest of the development of American foreign commerce. With relatively few exceptions they are adequate and effective. This government tonnage is carrying commerce which before the war was, in part, served by steamers under foreign flags, and in part not served by direct steamship services, the business, if conducted at all, being carried on by roundabout routes generally involving transshipment at foreign ports.

"The new services established since the war have contributed very materially to the expansion of our foreign trade, notably the export market for agricultural and industrial products. Yet, only 40 per cent of the volume of our foreign ocean-borne commerce is now being handled in American bottoms."

Here, then, was the starting point. The establishment of direct steamship services had resulted in the expansion of foreign trade. But the services rest upon an artificial and transitory basis. They exist by virtue of the Government's long pocket book. They are hothouse products, like strawberries raised under glass—expensive to operate and lacking the stimulus of private initiative which might eventually inject into them the necessary strength to withstand the rigors of world-wide maritime competition.

Help for Private Operator

THE CONFERENCE was in accord on the conclusion that government operation and private initiative could not go hand in hand. The longer the services were maintained by a beneficent government the less they would be able to approach a self-sustaining basis.

The private ship owner and operator was not likely to venture forth, under a handicap of higher costs both for his ships and his labor and his supplies, into a field where he would meet not only the competition of foreign ship operators, supported by their governments, but the competition of his own government.

It was, obviously, necessary to help the private operator to stand on his own feet at the outset if he were ever to be in a position to bear the brunt of the relentless struggle for place on the high seas. Three courses were proposed at the general meeting of the conference. One of these, suggested by former Senator Pomerene, of Ohio, was the building up of a system of discriminatory duties and similar measures. This was discarded by the conference as it has been discarded by three Presidents, as impracticable and inviting retaliation on the part of other maritime countries with, probably, a more adverse effect upon trade than the lack of a merchant marine. A delegation representing the American Federation of Labor proposed that no action be taken until the special committee appointed by Congress to consider the marine problem had submitted its report.

The conference chose a third course. It decided, in effect, that the Government, instead of maintaining the shipping services necessary for the development of overseas trade, should contract with private operators for the performance of this function. It stated in its recommendation:

Financial aid to enable American shipping to compete under the higher living and wage standards, and higher shipbuilding, ship repair and ship operation costs under the American flag, instead of being applied as a general ship subsidy or navigation bounty applicable to all classes of vessels, should, it is believed, take the form of payment for services rendered, including

"(*a*) Contracts for the maintenance of services to particular trade regions of the world especially important to our foreign trade and the expansion of markets for our agricultural and industrial products, and

"(*b*) Mail contracts to provide for maintaining the higher types of service needed both in the interests of our export and import trade and for the transportation of mails. Aid for merchant vessels of special types required primarily for military or naval reserve and postal purposes should be provided for in the appropriations for those purposes.

"In order to protect the Government interest, aid should be limited to such expenditures as the public interest requires."

By this means the objects sought could be attained. First, the requirements of foreign trade could be met by the maintenance of the necessary steamship services. Second, the blight of government operation would be removed from the merchant marine and the vigor of private initiative restored. Third, the annual deficit of $100,000 per vessel would be materially reduced.

Herein is no suggestion of a general subsidy or bounty. It is proposed that the Government contract for the performance of a specific function—the maintenance of shipping services required for foreign trade, for keeping the markets of the world open to the products of the mines, factories, forests and soil of the United States. It would establish in place of the artificial stimuli of government operation and absorption of losses the full play of normal competitive forces under which the American shipmaster and sailor once fought their way to supremacy on the seas.

The conference also proposed the overhauling of the administrative machinery of the Government which has to do with shipping.

It recommended, among other things:

"(*a*) That the semi-judicial regulatory duties embodied in maritime enactments be entrusted to a Shipping Board of three members;

"(*b*) That the functions relating to the promotion of shipping be transferred to the Department of Commerce;

"(*c*) That the executive duties pertaining to the administration of the government-owned fleet and the sale of shipping property be transferred to the Emergency Fleet Corporation, the president of which should be under the supervision of a national advisory board to be appointed by the President of the United States, with one of the members of his cabinet as chairman, and with the addition of regional advisory boards to sit with the national board in determining policies affecting those regions in connection with the increase, decrease or sale of trade-route services;

"(*d*) That the national advisory board, with the regional advisory boards concerned, be also charged with the duty of applying, in accordance with the principles and within the limits prescribed by Congress, any system of government aid that may be authorized."

Appeal Made for Patronage

IN ADDITION the conference recommended:

The retention of existing laws relating to the regulation of shipping, including the reservation of the coastwise trade for American shipping, and the Seaman's Act, with the exception that certain provisions of the latter, having no relation to living standards but interfering with the morale and efficiency of crews should be modified;

The enactment of a Federal Maritime Workmen's Compensation Act;

The removal of difficulties in connection with the documentation and measurement of vessels;

The codification of the navigation laws;

The building of new and larger quarantine stations where needed;

The simplification of taxation of shipping;

The sale of surplus vessels in the open market and the scrapping of unserviceable ships;

The development of the widespread organization and facilities necessary for the success of a merchant marine—such as American agencies in foreign ports; adequate terminal facilities in all such ports; banking institutions in foreign countries; free trade zones and ports at proper points on our coast.

The last of the conclusions, upon which there was no difference of opinion, was that if the United States is to have a merchant marine, the patronage of the people of the United States is necessary. An appeal for patronage of American lines was made and this admonition was given:

"In order to offset the practice of foreign exporters and importers of specifying wherever possible that their goods be shipped by vessels flying the flag of their nationality, American merchants should similarly favor American vessels in connection with their import as well as their export shipments."



Trade and ships go hand in hand



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BIG JOBS want big trucks—trucks that dominate in quality, brute power, experience, and instant service.

That's why there are several fleets of Internationals in the New York subways, hauling the celebrated trap-rock and granite of Manhattan out from under the feet of New Yorkers. Here, on one of the biggest jobs in America, where the reserve supply of stamina and dependability gets a thorough testing, International Trucks fill the bill month in month out. Exclusive features—removable cylinders, ball-bearing crankshaft, auxiliary springs, steer-easy steering gear, and many others—all prove their worth in work like this.

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A Billion for Highways! Who Pays the Bill?

By A. J. BROSSEAU

Director, National Automobile Chamber of Commerce



A highway in Pennsylvania before and after being improved. Good roads bring big returns. They not only increase land values and lower transportation costs, but also help to develop new areas of food production

WE BOUGHT a billion dollars worth of highways last year—and for three years before that!

Since 1921 we've each been spending an average of $10 for more new roads and for maintaining those we have. Two and three-tenths cents of each federal dollar spent last year went for roads—$92,000,000 altogether. States spent nearly half-billion dollars more. Counties, townships, road districts, and other highway authorities spent still another half-billion dollars on rural roads.

Highway building in the United States is today undoubtedly the largest public-works job in the world. But questions arise. Why federal aid in road building? Who wants the roads? Who is paying for them?

Revolution in Highway Policy

FEDERAL participation in highway construction and maintenance is not new. In 1803 Congress authorized the construction of a national highway—the Cumberland pike, which ran from Cumberland, Md., to Wheeling, W. Va. Today, Uncle Sam is again in the business, but this time on a partnership basis. Now he is paying for part of the construction only, and that on a very limited mileage.

In 1803 he did the whole job and paid for it. But for the shift to rail transportation some twenty-five years later we might now have a strictly national system of highways. Railroads, however, provided interstate, long distance transportation. Highway activities lapsed. Government—federal and state—left road building to the local units, counties and townships. Often state responsibility was shifted to toll companies.



COURTESY U. S. BUREAU OF PUBLIC ROADS

The introduction of power vehicles to the highway caused a revolution in highway policy. County and state lines faded before the widening range of motor vehicle travel. It became imperative to build highways that began somewhere and ended somewhere, and that in relation to each other. Crazy-quilt highway systems are out of vogue now, due to the needs of 18,000,000 motor vehicles.

What is federal aid? As a matter of fact, federal aid isn't "aid" at all. It is the share paid by the Federal Government as its recognized obligation for its use of, and interest in, such a national system.

In brief, federal highway aid now provides for federal participation in the cost of construction on a specified system of highways on a 50-50 basis with the states. The federal share is limited to $15,000 a mile. As a result it isn't quite a 50-50 proposition, the federal share averaging about 47 per cent.

No federal funds are available for maintenance, one of the requirements asked of the state being that it will guarantee the maintenance of the roads when built.

In 1916, Congress passed the first federal aid highway act, appropriating $5,000,000 to start the job of assisting the states in building a nationally connected system of highways. Since then, Congress has authorized appropriations totalling $615,000,000 up to July 1, 1926, of which approximately $490,000,000 has been appropriated and some $420,000,000 paid to the states. The task of administering federal aid fell naturally to the Bureau of Public Roads in the Department of Agriculture. The creation of the Bureau's predecessor in 1893 as the Office of Road Inquiry has indicated the Federal Government's interest in highway transportation.

In 1921, Congress indicated the necessity for a logical development of highways. The federal highway act passed that year required that federal funds be confined to a 7 per cent system, so called because it comprised 7 per cent of the state highway mileage, three-sevenths to be primary or interstate roads, and four-sevenths to be known as secondary or inter-county (intrastate) highways.

The system now totals 178,797 miles, with

3 Firms Invest Nearly $1,000,000 *in Pierce-Arrow Trucks*



THREE New York firms—The James Butler Company, The Colonial Sand & Stone Company, Lenox Sand Company—recently purchased Pierce-Arrow fleets whose total value is nearly one million dollars.

In each instance, these firms could have bought an equal number of trucks for thousands of dollars less than Pierce-Arrows cost them.

One of these firms wrote:

"The price we pay for Pierce-Arrows is returned many times over because they last longer, do more work, cost less to operate and maintain, and have a greater resale value."

Think it over.

Let the nearest Pierce-Arrow representative show you why more Pierce-Arrow trucks are being sold today than ever before in the history of the company. You will be interested in knowing what Pierce-Arrow trucks are doing in *your* line of business.

Sizes: 2, 3, 4, 5 and 7½ tons

Chassis prices upon application

Terms if desired

THE PIERCE-ARROW MOTOR CAR COMPANY, *Buffalo, N. Y.*

Pierce-Arrow

Dual-Valve Heavy Duty

Trucks

all states included. Believing that forty-eight state highway departments could work more effectively than 3,000 county boards of supervisors—and at a great deal less expense—the 1921 act required that the direction of this federal highway work be carried on by such state departments.

What are the objections to the Federal Government's participation with the states in highway building?

Opponents of this system assert that:

1. Federal highway aid is misleading in that it offers a gift to the states but in reality taxes them for the money which it gives back—after deducting huge sums for the cost of federal bureaus.

2. The Federal Government by the 50-50 system indirectly gets control and supervision over local affairs which it could not supervise or control directly without violating the Constitution.

3. Large bureaus are built up in Washington with resultant red tape and incompetence.

4. State initiative and incentive are impaired.

5. State funds more needed for other local purposes must be used to meet federal aid.

6. Wealthier states must pay for roads in the poorer states—their share of federal aid bearing no relation to their contributions to federal expenses.

7. Federal control results in standardization in local affairs contrary to local needs and desires.

Army of Mail Carriers

LET'S look at each argument in the light of all the facts.

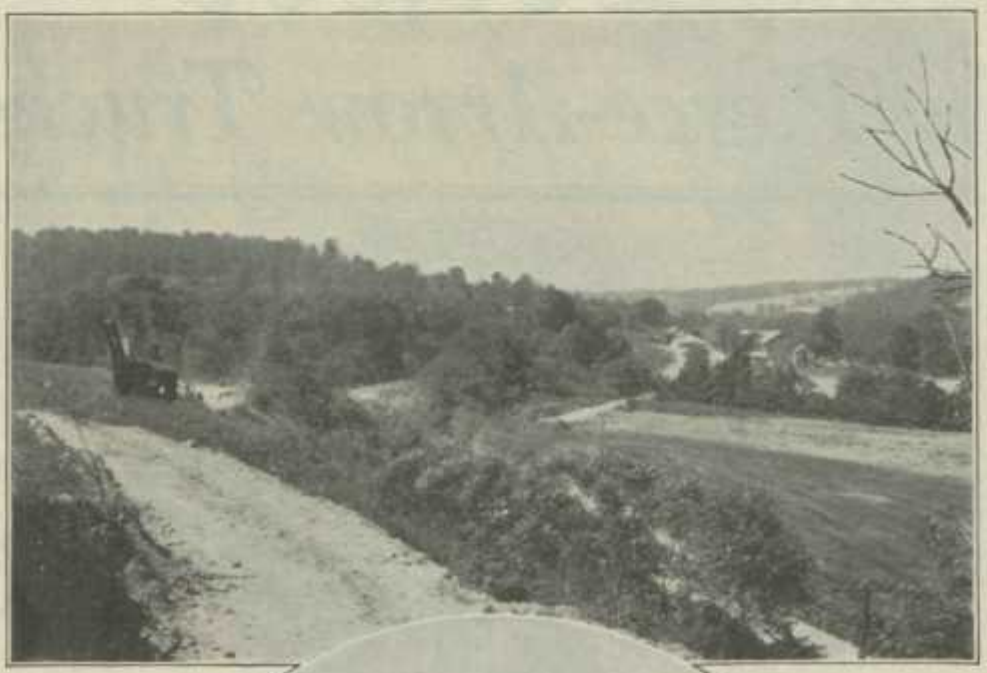
(1) Federal funds are spent only for those things of general benefit and to meet the Federal Government's obligations. Its use of the highways and authority over them would seem to indicate a responsibility for assistance in financing their construction. There can be no authority without responsibility.

Each day a small army of mail carriers travels over a million and a quarter miles of highways delivering the United States mails, seven times the mileage in the federal system. The administration of federal highway aid is limited by statute to two per cent of available funds. This must provide for central administration for approval of projects, inspection, financial arrangements, research, etc.

(2) The framers of the Constitution provided the basis of federal cooperation in highway building when they prescribed in that document that Congress should have power to " . . . establish post offices and post roads." And further " . . . provide for the common defense and general welfare of the United States. . . ."

In 1921, speaking before the Senate Committee on Post Offices and Post Roads, General Pershing said, "The country roads will be of tremendous value in time of war . . . these roads must be relied upon to obtain the needed food supplies."

Out in Indiana recently the construction of a drainage canal was being carried on by cutting through the Lincoln Highway. The cut was covered with a temporary bridge but no provision was made for permanent repairs. The State Highway Commission acknowledged itself powerless to compel such repairs. The Bureau of Public Roads then stepped in on the grounds of interference with interstate commerce and the court sustained the plea.



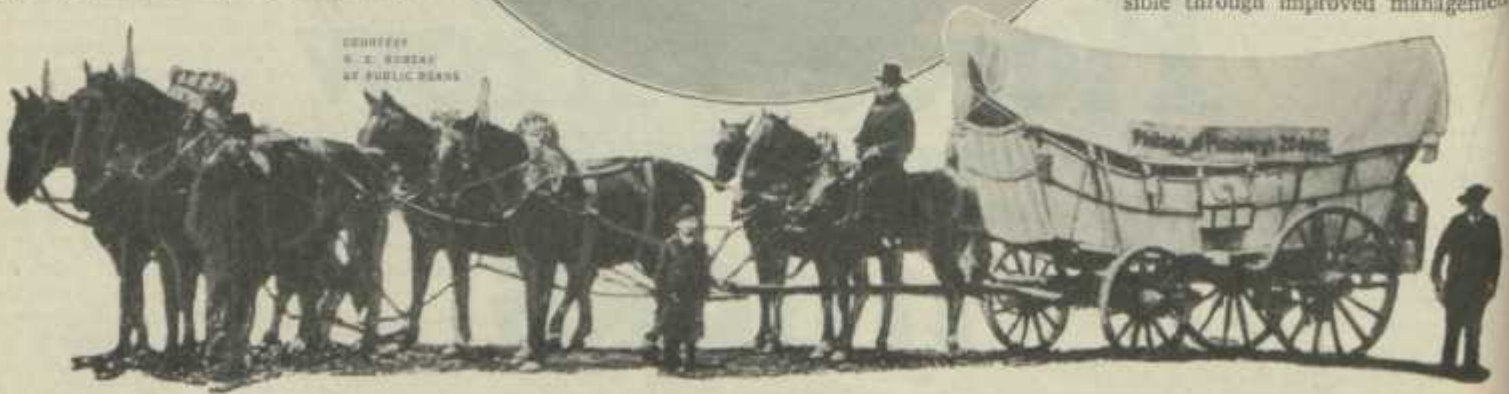


Federal Aid road under construction. Nearly 180,000 miles of these roads have been built

Millions Saved

MORE than 50 per cent of the vehicular traffic of the nation moves over the primary system of highways. It can hardly be claimed that these are of "local" importance only. Millions of motorists are annually visiting the national parks. State lines are more often crossed and more quickly crossed nowadays than township lines formerly were.

(3) There has been no criticism of the Bureau of Public Roads' administration of federal aid from any but local politicians and selfish local interests. The honesty, efficiency and fairness of the Bureau does not seem to be open to question. Its cooperative researches alone have saved millions to the taxpayers. Through its studies of the management of earth moving, increases of 25 per cent to 35 per cent in the amount of earth moved in a given time have been made possible through improved management.



The middle picture shows how the city's milk supply comes in from the country over the modern road. Below is a highway freighter of a century ago, when "Philadelphia to Pittsburgh 20 days" was a speed record. Today the demands of some 18,000,000 motor vehicles make highway improvement a primary function of state government

SAFE-CABINETS - - SAFE-FILES - - DRAWER-SAFES - - VAULT-DOORS - - S-C VAULT-EQUIPMENT

SAFE-CABINET

Record Protection



Safe-Files for correspondence recently installed by The Widlar Company, Cleveland, Ohio, wholesale tea, coffee and spice merchants

Not merely a "*file*"—THE SAFE-FILE is a *Safe* in the form of a File



Flaming Facts

Fire statistics prove conclusively the vital importance of business record protection. Because of inadequate record protection, 43 pe cent of business houses having serious fires do not resume business; 17 per cent do not continue to furnish financial statements; 14 per cent suffer a reduction in the credit ratings of from 30 to 66 per cent. Where would your business be after a fire, without records?

THE SAFE-FILE is a radically new product which combines the protection of the average safe with the convenience of a filing cabinet. Its walls are insulated and reinforced to give protection from fire and impact.

In many offices, valuable records are not protected because their bulk makes housing them in safes impractical.

Correspondence is the only record of countless business transactions. Verbal agreements are confirmed by letter; prices are quoted; goods are bought and sold. A question arises and reference is made to "the files" for information.

There is, on the average, a fire for every minute of the day and night. Many of these result in serious loss. It has been authoritatively stated that the loss due to burned records exceeds the value of more tangible property destroyed, such as buildings and stocks of goods.

The SAFE-FILE will provide protection for the great bulk of business records and prevent much of this appalling loss. Mail the coupon below for information applied to *your* business.

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Marietta, Ohio

THE SAFE-CABINET COMPANY of Canada, Limited
Toronto, Canada

Write for this booklet—it has saved many business houses

THE SAFE-CABINET COMPANY
Marietta, Ohio
Gentlemen: I want to see a copy of your booklet, "Burned Records."

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City_____ State_____

THE WORLD'S LARGEST MANUFACTURERS OF RECORD PROTECTION DEVICES

When writing to THE SAFE-CABINET COMPANY *please mention Nation's Business*

and elimination of preventable time losses in operation.

Continuing intensive studies by the United States Bureau of Public Roads at Arlington, Va., on road surface wear and road resistance have brought tangible results in present-day federal aid construction.

Two or three years ago the State Highway Department of Illinois built two miles of highway for test purposes—the Bates Test Road—and then proceeded to run heavy trucks over it to determine the wearing qualities. The road in some places was demolished and in other places stood the battering very well.

Initiative Lies with States

OUT of the test came extremely valuable knowledge. It was found that roads should be built heavier at the edge than in the center, as had previously been current practice growing out of the "always been done that way" habit of years. Thirty-three states have adopted this practice and something like $3,900 a mile is being saved in construction costs.

(4.) The initiative in connection with federal highway aid is with the states. They submit projects of desired improvement on the federal system to the Secretary of Agriculture for approval. Such projects are refused only where it appears clearly to the public benefit not to approve them. In some instances no provision has been made for maintaining the road when built. In others it does not appear that the state highway department has control of sufficient funds to complete the project. In other instances the type of road which the state desires to build may be uneconomic.

Nor are expensive roads required to secure federal funds. To date, more low-type roads, sand, clay and gravel, have been built with the assistance of federal funds than all the higher types of surface put together.

It is specifically provided in the act that such types of road shall be built as are adequate, with due regard to the economic needs of the locality. And this applies to the extent of preventing over-zealous communities from building roads too expensive for their pocketbooks, just as well as it applies in preventing them from building roads too cheap to be serviceable.

(5.) Last year less than two and one-half cents of each federal dollar was devoted to highways, $92,000,000 being paid to the states. During the same period, there was collected by the states from motor vehicle registration fees and gasoline taxes $304,000,000, more than three times as much in special fees as required to meet federal aid.

Bond issues have not been voted to meet federal aid but to extend state systems even faster than the Federal Government proposed. The demands of 18,000,000 motor vehicles make highway improvement one of the primary functions of the state government—than which it has no more important use for its funds. President Coolidge said, "No expenditure of public money contributes so much to national wealth as that for building good roads."

(6.) It is sometimes said that one state contributes more to the Federal Government than another. Applied to federal aid this argument is advanced as a reason for securing a share of federal aid based on the percentage of the state's contribution to the total federal income. But how sound is the argument?

The Union Pacific in 1923 paid an income tax in New York City of $4,500,000 and yet this road does not operate east of Omaha and Kansas City. The Southern Pacific paid through New York a tax of $5,000,000 and this road does not run any nearer New York than New Orleans.

Sixty-four thousand corporations made their reports to the Federal Government through New York City. Seventy-three per cent of all the federal automobile excise taxes in 1924 were collected in the state of Michigan—43 per cent of Michigan's contribution to the Federal Government. Eighty-six per cent of North Carolina's contribution to the Federal Government was from the tax on tobacco in manufactured form. Are these states entitled to pay these taxes as their contribution to the expenses of the Federal Government?

(7.) In an upper corner of Arizona is a little stretch of road which is on the federal seven per cent system. It probably runs about 25 or 30 miles across a desert with no inhabitants. Arizona says, and rightly so, "Why should we build a road across there?" But transcontinental traffic, and in fact, heavy interstate traffic from Salt Lake City to Los Angeles, finds it the only route between these two points. Some one has to see to it that traffic needs paramount to the immediate needs of individual states are cared for.

Across the Great Salt Desert

THEN there's the famous Wendover cut-off, built by Utah and the Federal Government across the Great Salt Desert. No local people are served. Why should Utah build a road there? Yet we find them whole-heartedly cooperating to build a shorter route from New York and Washington to San Francisco.

Some 50,000 miles of highways have just been approved for uniform sign posting by the Joint Board of Interstate Highways, composed of state highway officials and Bureau of Public Roads representatives. Danger and direction signs will be standardized and order will now be possible out of the chaos of signs confronting the bewildered motorist at every crossroad. This cooperative accomplishment is easily the outstanding achievement of the year in the highway world—made possible by an impartial national agency through which individual state differences and opinions could be adjusted.

And so we come to the question: Who wants the roads? Our 18,000,000 motor vehicles, 10 per cent of them motor trucks and buses, require good roads. Until the World War the roads were built for light, fast, passenger-car traffic. Then the motor truck came into use and with it the destruction of unsuitable road surfaces. Now it is the abuse, rather than the use, of roads which is responsible for extraordinary wear and tear.

Secretary of Agriculture Jardine, speaking before the Mid-west Motor Transport Conference, said:

> The idea that trucks destroy roads is a hangover from the war period when they were actually destroyed, for two very good reasons: First, because the heavier motor trucks—then comparatively new—were suddenly released on roads which had not been built to accommodate them; and second, because at that very time the expenditure of money for highway maintenance was declared to be non-essential to the winning of the war, and discouraged.
>
> The roads we are building now are built to accommodate the traffic they will be called upon to carry, as determined by detailed surveys such as I have described. And they are maintained. They wear out just as rails and locomotives and motor trucks wear out, but they are not destroyed.

Undoubtedly, we shall in time come to the segregation of traffic upon our highways. But the earning capacity of a road determines the amount of money which can economically be invested in it.

In England, the primary consideration in road construction has been the utilitarian use for the carriage of goods. The use of steam-propelled vehicles with steel rims, far antedating our own motor truck development, no doubt has been largely responsible. The passenger car followed, rather than preceded, the commercial vehicle.

We did not come, in this country, to an established economic rail transportation system overnight. Nor was it accomplished without government aid, public lands equal in area to the original thirteen states having been conveyed in public grants to assist in railroad construction.

Commercial passenger- and freight-carrying by motor vehicle is in its infancy. The strongest factor of it is public demand. Without it, this new "infant industry" could not exist.

Not a Competitor of Rails

THE MOTOR vehicle is not a rail competitor as Secretary Jardine said:

> One thing we know very definitely: There is no basis for the fear that the motor truck is going to compete seriously with the railroads. The facts we have found in all our surveys are sufficient to convince me. The truck has found its place in the short haul and it is not taking any business that the railroads can do as well or better.

One has but to look at the peak records for car loadings established during the past year—and earnings climbing to new peaks—to be convinced of this fact. Rail passenger business has fallen off. But has it been due to commercial passenger transportation? The private automobile seems to have been chosen in preference to the passenger train. What the future trend will be remains to be seen, but it is certain that rail abandonment is not chargeable to highway competition.

Only 50 miles out

(*Continued on page 64*)

STATE HIGHWAY INCOME

Showing the shift in the highway tax burden, due to increased motor vehicle revenues

	1921 Amount	1921 Per Cent	1923 Amount	1923 Per Cent	1924 Amount	1924 Per Cent
Bond issues	$120,490,923	28.2	$ 96,035,048	19.6	$101,803,327	18.3
State taxes levied	47,836,291	11.2	25,596,457	5.2	19,692,629	3.6
Legislative appropriations	40,758,583	9.5	36,318,721	7.4	27,953,930	5.1
Transfer from counties	32,005,656	7.5	65,031,500	13.3	77,386,843	14.0
Gasoline taxes			19,921,077	4.1	46,060,385	8.3
Motor Vehicle License fees	93,585,124	22.0	154,075,080	31.5	175,252,260	31.6
Federal Aid	78,036,941	18.5	74,883,783	15.3	91,801,907	16.6
Miscellaneous	13,385,517	3.1	17,515,571	3.6	13,683,478	2.5
Income for year	$426,988,035		$489,367,237		$553,634,748	
Balance on hand from previous year			99,212,986		146,583,340	
Grand total funds available			$588,580,223		$700,218,088	

These funds are expended upon the roads carrying from 50 per cent to 75 per cent of the total vehicular traffic.

What 2,000 Executives Have Done to Insure Better Profits for 1926



WITHOUT exception, they first decided upon the necessity for better control—proper records—covering Expense, Production Cost, Sales, Purchases, Credits and Employment. Each decided that only Acme Visible Records would adequately effect such control. Their reasons for reaching this decision are available to you in book form.

Experience has convinced them that record-keeping methods which are not *automatic* are as obsolete as the antiquated hand machinery of twenty-five years ago, therefore injurious to present day business.

They will know immediately when a production cost begins to rise, instead of after the increase has cut into the profits.

Again, they will know instantly of every advance in material or parts costs, and will make production changes or price revisions before even slight profit losses occur. They will know inventories and requirements to the day; and purchases will be made accordingly.

Selling costs will be lowered because of increased sales to every established customer. New accounts will be added—helping and directing each representative, and keeping their respective institutions constantly before their customers.

Individual accounts will be surveyed regularly and automatically in a manner which will minimize trade abuses and eliminate unprofitable ones. Credits and collections will be followed so as to reduce frozen assets and increase cash discounts.

You are invited to investigate and avail yourself of an ACME CONTROL PLAN, coupled with the manifold benefits it will bring to your business in order that it may be adopted and become operative as of the New Year if you so elect.

Our Service Staff, composed of Business Administration Executives, will gladly select and submit specific departmental forms from the Acme Library involving more than 6,000 commercial records, and make definite suggestions applying to whatever records you might designate for your business. No charge or obligation on your part attends this service.

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☐ Have representative call.
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Firm _____

Address _____ City _____

State _____ By _____



Specify Westinghouse Motors for your VENTURAFIN UNIT HEATERS

THERE are twenty-nine Westinghouse service stations one of which is located within a night's ride of each industrial center. This insures the continuous operation of Westinghouse-equipped heaters.

For a wide variety of heating applications, ranging from small retail stores to gigantic factories, warehouses, and auditoriums, the unit method of heating is superior. It is superior because of the speed with which the building can be heated up, the efficiency obtained, and the low cost of installation.

Westinghouse motors contribute to this superiority. Westinghouse motors are on thousands of such heaters now in use because:

1. The motor is totally enclosed —dirt can't get in.

2. The complete windings are dipped in insulating compound and *baked*.

3. The motors are noiseless in operation.

Specify Westinghouse motors for a maximum of satisfaction with unit heaters.

WESTINGHOUSE ELECTRIC & MANUFACTURING COMPANY
Offices in All Principal Cities · Representatives Everywhere
Localized Service—Men, Parts, Shops

Westinghouse

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The Most Significant Forward Step in MOTOR Design *in a Quarter Century*



This motor has driven a boring mill without any attention for over nine months. Note the dust that covers the bearing housing. It is perfectly dry and can be blown off easily.

Announcing—

a motor bearing that has all the old, familiar sleeve-type advantages, but that is



The windings in this motor driving a machine tool are bone-dry. No oily film or coating was apparent on the motor windings even after ten months of continuous operation.

Sealed



This motor is being used in severe machine tool service. When the photograph was taken it had been operating over ten months without oiling. The oil level in the overflow plug had not lowered perceptibly.

Oil can't get out—

Dirt can't get in—

Removes forever the cause of motor bearing troubles.



This motor replaced one with conventional bearings that had given serious trouble due to burn-outs caused by oil leakage. No oil had been added even after eleven months of operation in this Ohio steel mill.

Westinghouse Motors Have Sealed Sleeve *Bearings*

Ask any operating or maintenance man what type of bearing is most satisfactory for general purpose motors and he'll tell you "sleeve-type bearings." They have a low coefficient of friction because the shaft "floats" on a film of oil. This oil film always separates the surfaces of the shaft and the bearing. And since the area of these surfaces is large, the bearing has longer life than is obtainable in other types. The oil film acts as a cushion, too, so that the effect of shocks, vibration, and jars which continually arise in service is reduced.

Moreover, the bearing is simple, and economical of maintenance and replacement. Its principles and operation are everywhere fully understood.

What Westinghouse has done is to perfect this bearing until it has all the merits of every other type of bearing, while at the same time retaining the old familiar sleeve-type bearing advantages.

Westinghouse has given it an airtight housing that keeps the oil *inside*, where it belongs—and that keeps dirt, grit, and other foreign particles that may cause destruction of the bearing metal absolutely *out*. What Westinghouse has done removes forever the possibility of oil-soaked windings; they simply can't happen with **Sealed Sleeve** bearings; even vapor can't get out of the housing.

Exhaustive operating and service experience has developed other advantages which will interest you, and which prove conclusively that the motor bearings of the future will be **Sealed Sleeve** bearings. **Sealed Sleeve** bearings are available only in Westinghouse motors, and all Westinghouse motors for general use now offer their advantages.

WESTINGHOUSE ELECTRIC & MFG. CO. ✓ Offices in All Principal Cities ✓ Representatives Everywhere ✓ Localized Service—Men, Parts, Shop

Westinghouse

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(*Continued from page 60*)

of a total of 250,000 miles of railroad in use have been abandoned since 1920 because of motor competition. According to a recent study of the Bureau of Public Roads, this is about four per cent of the rail mileage abandoned in the five-year period. Rail competition is indicated as responsible for the abandonment of six times the mileage abandoned because of highway competition.

And last, but not least: Who is paying the highway bill? Several states reduced general property taxes last year principally because of increased motor vehicle revenues which decreased or eliminated the general state levy for highway purposes. This is notably the case in Wisconsin and North Carolina.

The accompanying table of state highway income shows the shift in the highway tax burden, due to increased motor vehicle revenues.

Local roads are largely financed from local tax levies and economists generally agree that this is sound, except where the state does not assume its full obligation for a state-wide system of highways.

Eighty per cent of the motor vehicles of the country pay gas taxes ranging from one cent to five cents a gallon. South Carolina leads the list with a five-cent tax. North Carolina, Nevada and Arkansas follow closely with a four-cent tax, one state has three and one-half-cent tax, fifteen other a three-cent tax, one a two and one-half-cent tax, nineteen a two-cent tax, and four a one-cent tax.

It is estimated that the tax will yield $139,000,000 in 1925 as against $79,000,000 in 1924. Registration fees will probably reach a total of $250,000,000 as against $225,000,000 last year, so that these two special taxes will reach approximately $400,000,000 in 1925.

How Tax Money Is Spent

OF THE motorists' special tax bill in 1924, of more than half a billion dollars, only about 50 per cent was directly applied to highway work under state highway departments. This does not include $100,000,000 in personal property taxes on the vehicles and all other taxes paid regularly by the owners of these vehicles.

About $48,000,000 out of $79,000,000 in gas taxes was so utilized. Some of the rest was applied to highways by counties, but much went to schools, state fish hatcheries, general funds—to retire old railroad bonds—and other purposes which should be met out of general taxes.

In 1923, according to John E. Walker, former tax advisor to the Treasurer, some 3.5 per cent of the total highway bill for that year was derived from rail taxes, about $32,000,000 of the railroad tax bill of $330,000,000 going to this purpose. It appears, however, that in the same year revenues were derived from the carriage of road materials and motor vehicles which brought in more than $400,000,000. This was entirely aside from new business generated over the feeder highways.

With rapidly decreasing state taxation for highway purposes it becomes evident that the burden of rail taxation for highway purposes is in the local units, county and township. Yet these are the feeder roads without which the railroad could not exist and which do not enter into competition whatever with the rail lines.

But these investments in highways are profitable only when they make a return. This is as applicable to highways as to the field of finance. A highway's earnings are largely in the savings in costs of transportation, in the operation of the vehicle, in economic readjustments as in the field of the short haul, increased land values and development of new areas of food production.

Suppose, as has been advocated, Uncle Sam withdrew from the highway business tomorrow. Suppose also, following his example, the states decided to let the counties take care of their own highway construction and maintenance. Would it pay? Would we permit it?

Our Growing Need for Business News

By KENT COOPER

General Manager of the Associated Press

AMERICA'S increased demand for news of finance and business has been one of the outstanding facts of the post-war period, a fact which future historians will have to take into account as a measure of a change in the nation.

The change began with the end of the war, which it was said made New York and not London the financial capital of the world, but it has been most marked during the last three years. A quick measure of the change may be found from press associations experience with stock market quotations.

Three years ago we carried on our wires two lists, giving closing prices on active stocks and bonds. We carried no quotations on the closing of the Curb market. The lists included about 100 stocks and about 75 bonds. This served.

Some newspapers obtained from brokerage offices in their own cities some additional quotations; and a few newspapers ordered special financial service from New York. But for the most part, newspaper readers considered this list of less than two hundred securities adequate; they made no demands on their editors for more, and the editors made few additional demands upon us.

More Than 8,000 Quotations

BUT TODAY we have just completed arrangements to carry not merely the closing prices, but also the opening, high, low and total sales, on *all* issues traded in on *three* markets, for such editors as demand this comprehensive service.

Three wires are being used to deliver these complete stocks, bonds and Curb tables to newspapers at such speed that the newspapers will be able to appear on the street with this exhaustive record within an hour after the markets close. To comprehend this task more clearly, consider that during November 600 Stock Exchange issues, 600 bonds and well over 400 securities traded on the Curb market were being bought and sold daily in New York. This means that we have arranged to deliver a five-figure financial story on each of more than 1,600 securities—or more than 8,000 quotations and our aim is to have this mass of financial facts "cleared" and in the newspaper offices by 3:35 to 3:40 o'clock, New York time.

When next you put in a long distance call it is possible that some such compendium of finance may be traveling over the very wire you are using, for one of the miracles of electricity is the simultaneous use of a single wire for talk and telegraph.

A further measure of the importance of this financial service in the eyes of the publishers may be had by considering the financial outlay. Six expert tabulators are required to "feed" a single wire. The cost of compiling these tables and the cost of leasing three wires must be divided among the newspapers demanding the service. Moreover, in order to rush these tables into immediate editions—say for a four o'clock edition in the East, or three o'clock in the Middle West—something like thirty linotypes would have to be in use in a newspaper composing room.

This of course is the extreme illustration of demand for financial news. It is a special service designed for big city newspapers, and starting naturally in the East where there are more large centers, but also designed to spread westward in a network of wires as facilities are available. Already at least two Pacific Coast editors have asked that we deliver these three tables all the way across the continent, regardless of cost, but as yet there are no wire facilities for such an extension.

A newspaper in a town of only 40,000 inhabitants recently asked for a part of this extensive and detailed service. Only a few years ago, a newspaper in a town of such a size would have published the live-stock and commodity prices directly affecting the surrounding territory and little if any stock market or national business news. Even in such cities, for instance, as Pittsburgh, Cleveland, Detroit or Kansas City, most newspapers would have published Exchange quotations obtained from a local brokerage house—closing prices only, or possibly noon and closing prices—these often incomplete and inaccurate.

Touching Principal Cities

TODAY, on the other hand, through that rich band of populous territory two or three hundred miles wide, extending eastward from Kansas City to the Atlantic seaboard, we operate a "three wire system"; and one of these wires, running from 11 a. m. to 8 p. m. and having well over 15,000 words capacity, is assigned to carry finance only. This wire was opened a little more than two years ago.

Radiating from this central band of territory to the four corners of the country are double wire circuits touching all the principal cities. And to all these principal cities we find it necessary to deliver closing lists of 250 active bonds, 250 stocks, and a complete Curb list of about 400 issues. That is to say, the last word on 900 issues, as against lists of less than 200 three years ago.

During the past three years we have had to expand our stock lists repeatedly. For example, as late as last summer the active Curb list contained under 300 issues; while the other day it contained 436 stocks, an increase of almost fifty per cent in about three months.

In keeping abreast of this increased in-



Consider the Bearings

YOUR product enters a world of use and abuse, and upon its dependable, long lived, economical performance, you as a manufacturer are judged.

You have selected with mature deliberation all metal parts that enter its construction.

Have you as an afterthought, entrusted the performance of this equipment to "any old bearing that will fit the space", or have you selected one in keeping with your reputation?

Because of the many operating factors they govern, bearings are the very foundation of good machine design.

For more than 35 years, manufacturers of dependable machinery have designed their products around Hyatt Roller Bearings. Built for rugged service, they require slight attention of any sort, and once installed, last a lifetime.

When you are ready to consider the bearings for new or existing equipment, let a Hyatt engineer assist you.

HYATT ROLLER BEARING COMPANY, NEWARK, N. J.

HYATT

ROLLER BEARINGS

Hyatt Roller Bearings installed in old equipment have turned losses into profits. They will do the same for your equipment.

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Armstrong's Corkboard is made of pure cork in boards 12 by 36 inches—from 1 to 6 inches thick.

Insulating the roof of the buildings of Edward Katzinger Company, Chicago, Illinois, with Armstrong's Corkboard, 2 inches thick

The Next Step in Roofs

ANY well-laid roof is *weather-tight*. The next step is to make it *heat-tight* as well. For it is because roofs "leak" heat that top floors and single-story buildings are cold in winter and hot in summer.

A layer of Armstrong's Corkboard makes a roof practically impervious to cold and heat. It is a barrier against outside temperatures that enables top floors and one-story buildings to be kept comfortable the year round. It saves fuel. It absolutely stops ceiling condensation.

Insulating the roof with Armstrong's Corkboard is a simple remedy, but it will correct conditions that may be costing you many hundreds of dollars in wasted fuel and lowered production.

Armstrong's Corkboard can be easily applied on any roof, flat or sloping, new or old. It is simply laid in pitch or asphalt on concrete or nailed to wood roof decks, and standard roofing is applied over it in the regular way. It affords a permanent roofing base because it is non-absorbent and will not buckle or swell. Furthermore, Armstrong's Corkboard is a positive fire retardant. It cannot be ignited by sparks or embers and will not smolder or support combustion.

Send for the 32-page illustrated book containing detailed information about the insulation of roofs with Armstrong's Corkboard. Address Armstrong Cork & Insulation Company (*Division of Armstrong Cork Company*), 195 Twenty-fourth Street, Pittsburgh, Pa. In Canada, McGill Building, Montreal, Quebec. In London, Armstrong Cork Company, Limited, Sardinia House, Kingsway, W.C. 2.

Trade Mark

Branches in the Principal Cities

Armstrong's Corkboard Insulation

for the Roofs of All Kinds of Buildings

terest in market quotations, we have had to expand other parts of our financial service. Where we formerly carried a "general lead" on all phases of the New York financial situation, we now carry separate memorandums devoted to the Stock Exchange, to bonds and to the Curb market. Bond and Curb leads have been added during the last year.

The head of our financial department estimates that we carry twice as much general business news as we did five years ago. There has been a big increase in what might be called "constructive" news all along the line.

One new feature now very popular is nearly two columns of briefs covering a wide range of business interests.

Five years ago press associations carried the quarterly report of the United States Steel Corporation, but not much else in that line.

Today we carry news from quarterly reports of many important companies, notes on railway earnings, dividends, excerpts from business reviews, important statements by business leaders, and so on.

All this is in addition to the standard market leads and quotations, the grain and cotton leads and quotations and such divisional reports as foreign exchange, money, metals, wool, produce.

In New York we maintain three offices for the collection of this material, and use a staff —including part- and full-time men—of about thirty persons.

On the Alert for Business News

IN ADDITION to this, in every bureau—that is to say, in every important city of the country where we maintain staff men—we are on the alert to obtain sound business news. The reporting of what is usually called financial news—which essentially is news of the condition of business—naturally is concentrated largely in New York, the financial capital; but in the collection of news regarding commerce and industry we must literally comb the country.

The Associated Press is not the only agency on which the newspapers have relied for their market and business news. I have discussed our situation because that is the one with which I am familiar. Moreover, since we serve the largest number of newspapers, what has happened to us is an accurate measure of conditions in the whole publishing field.

Other press associations have established part-time and full-time market wires. There has also been a greatly widened market for various kinds of business analysis reports, for statistical services and for signed syndicate features written by men who have won high standing as financial reporters.

Newspaper demand for increased service literally has run ahead of available wire facilities. The rental charge on financial wires opened by various news agencies in the last three years undoubtedly runs into hundreds of thousands of dollars.

We do not expand our financial and business report merely because it happens to occur to us that it is a worthy thing to do. We do it because there is an editorial demand for it. There is an editorial demand for it because publications believe that a financial service pays in circulation and advertising income and in good-will. It pays because there has been a change in the United States these last few years.

It is entirely safe to say that hundreds of American newspapers have doubled the volume of the financial service they render their readers during the past three years.

Locating the First Electric Railway

SEVEN cities contested the honor of Homer's birthplace. And now we are wondering how many claim the honor of having the first electric street railway.

In the September issue of NATION'S BUSINESS we casually referred to the fact that the city of Richmond more than thirty-seven years ago began to operate the first electric street railway in the United States. And as soon as that issue was off the press we began to receive protests—and we are still getting them—from cities claiming that distinction. Among them are Scranton, St. Louis, Binghampton and Mansfield, Ohio.

One of our readers even went so far as to say, "Matthew Arnold called history 'one vast Mississippi of falsehood' and this 'Richmond '88 trolley' leads one to agree with him."

We had taken the statement about Richmond from the house organ of a railway association, and we were at first inclined to accept it. However, as protests continued to arrive, we began to wonder if it were correct.

We turned to the International Encyclopedia to learn the facts. There we found a history of the electric street railway in the United States and Canada. It discussed experiments that were conducted and short-line railways that were constructed for exhibition purposes, and then went on to say:

First Practical Overhead Trolley

THE first practical overhead trolley line was built in Kansas City in 1884, in which double overhead conductors were used with a trolley wheel riding on top of the wire. In 1885 Mr. Daft constructed a third-rail line at Baltimore. The next step made in the development of the electric railway in the United States, and the one which did most to stimulate capitalists and inventors to the active interest which has produced the marvelous perfection in electric-railway transportation which we witness today, was the contract made by the Union Passenger Railway Company of Richmond, Va., with Mr. F. J. Sprague, to equip its 13-mile system of street railways for electric traction. On January 1, 1888, there were 13 electric railways with 48 miles of track in operation in the United States and Canada.

We were somewhat encouraged but not yet satisfied, so we took from the shelf Bourne and Benton's "American History," which contains this statement:

In 1884 and 1885 experiments were conducted in Cleveland, Kansas City and Baltimore with electric cars, but Richmond, Va., was the first city to establish an electric railway system.

We were convinced that Richmond deserved the honor we had given her, but we wrote to the American Electric Railway Association for final confirmation and received the following reply:

Since we decided that Richmond was entitled to this honor, in 1921, we have received complaints from exactly 59 cities. With the aid of Frank J. Sprague, who really is the father of electric railways, we decided that Richmond is entitled to the honor. It is true that many attempts were made to run electric lines in the United States before the Richmond people succeeded in their effort in 1888. Thorough investigation shows, however, that the Richmond property was the first overhead trolley line which made a success of its effort from the start and continues in operation to this day. We have pitched our tent in Richmond, and we are going to fight it out on that line if it takes all the summers throughout the rest of our lives.

So we are satisfied that we have given credit where credit is due.



Time Saving
Cost Saving
Work for "VICTOR"

IN accepting these buildings the Victor Talking Machine Company said:

"We take opportunity to compliment you on the satisfactory manner in which this exceptionally fine example of industrial construction was carried out. The entire project was completed in a shorter time than we had anticipated and at a considerable saving under our cost estimates."

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· · forbidden years



forbidden by whom?

THEY should be the best years of a man's life, those years from 50 on . . . the fullest, the richest . . . why are they so often—and so suddenly—denied him?

Every physician knows the answer: *self-neglect.*

And today hundreds of America's business and social leaders have learend the common sense remedy: *intelligent* rest.

Not just the usual strenuous holiday, but a completer relaxation than you have ever known, while specialists look over the whole wonderful machine you call your body, and its marvellous engine, your heart.

Here after all is the real secret of The Glen Springs' appeal: not simply the loveliness of its setting—though hills and lake alone draw hundreds every year; not simply the charm of its atmosphere, with its bright companionship and utter freedom from care; but rather the certain knowledge that here, in weeks, real help can be given in repairing the damages of years.

Your own physician probably knows the story of this unique Mineral Springs and Health Resort, for it works in close cooperation with him always. Its radioactive mineral springs for kidney and digestive troubles, its baths (including the only natural Nauheim calcium chloride brine bath in America for the treatment of heart and circulatory disorders) are nationally famous. And its guests—are different people when they leave!

To learn more about what The Glen Springs offers, question your doctor—and for complete literature, mail the coupon below:

The GLEN SPRINGS

The Glen Springs, Watkins Glen, New York.
William E. Leffingwell, President.

I am interested in seeing your descriptive booklets.

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Address.....

England Asks Why We Do So Well

AMERICAN industry lately has been interested in the report of the mission sent here by the Federation of British Industries to investigate the industrial situation.

The mission was composed of Col. Vernon Willey, president of the F. B. I., and G. H. Locock, assistant director.

It is a remarkable survey, reporting a state of great prosperity, which the investigators think is due mainly to the high pitch of efficiency in production to be found here.

The commission attributes this efficiency in production to:

1. The spread of education, both general and technical. There is no doubt that the general level of technical education today in the United States is extremely high, and ample facilities are available for anyone wishing to increase his efficiency by technical study. As showing the great increase in the spread of higher education it is significant to note that there are now 500,000 university students, as compared with 200,000 students ten years ago.

2. The labor situation. The salient points about the labor situation are: (*a*) Restriction of immigration. (*b*) High wages. (*c*) Unrestricted output and the utilization of labor-saving devices. (*d*) The satisfactory relations between employers and employed.

"The economic reason is based upon a firm determination to maintain the present high standard of living in the United States, and is intimately connected with the question of high wages and unrestricted output. The American employer believes in high wages, and he pays them. But he also believes in high output, and he sees that he gets it. In view of the shrinkage in the stream of immigration, and therefore more particularly of the pool of unskilled labor, it is becoming more and more important for labor-saving devices to be used to the greatest possible extent.

Cooperation Seems Possible

"IN THE United States cooperation between capital and labor seems possible, and the fatal doctrine that there is a necessary conflict of interests does not prevail. Moreover, there has been a widespread development of the system of interesting employes in the stock of the corporation for which they are working. For instance, the Standard Oil Company allows each employe of whatever grade to put one-fifth of his salary or wages into Standard Oil stock, and the company adds 50 cents for every dollar so subscribed. There is a spirit abroad in the States which is sometimes referred to as the 'new leadership,' and it is a spirit of cooperation, of initiative, and of a 'square deal' on both sides. This spirit alone goes far to explain the amazing increase in the efficiency of American production.

"One cannot leave an examination of the causes of American efficiency without mentioning the question of prohibition, although we are aware that this is debatable ground. As to the merits or otherwise of prohibition we do not desire to express any opinion, but we must record that several of the most prominent business leaders in America stated that, in their opinion, prohibition had been a considerable influence towards greater industrial efficiency. It is only fair to add that many of them qualified this statement by saying that maybe the price paid was too high, and that the social evils and the open contempt of the law, which have been evident since prohibition, may in the long run outweigh the purely material advantages to which it has contributed.

"There is no doubt that as time goes on the United States will become increasingly a factor in world trade, and we shall meet with increasingly severe competition from her.

"We would draw special attention to a matter which reveals an extremely grave situation. In the United States, even in the most friendly disposed quarters, the general impression seems to be that England is definitely 'down and out.' All our difficulties are exaggerated, and the progress we have made towards reconstruction ignored. One hears that our plants are out of date, our methods antiquated; we cannot compete, our spirit of initiative has deserted us, and the British workman neither can nor will work. Not one man in a hundred realizes that the unemployment insurance scheme is a contributory system. They practically all regard it as a purely pauperizing scheme of government assistance. Not only is this doing the prestige of Great Britain infinite harm, it is also losing us business, and of that we have definite proof.

The American an Optimist

"THE AMERICAN is an optimist, and he does not understand our national habit of self-depreciation, with the result that he takes all the pessimistic talk he hears as being the literal truth. We would most earnestly urge that some concerted steps should be taken to bring the true facts of the case before the American public. If the F. B. I. were to take the initiative in the work of making known the real facts of the situation to the American public they would be performing a great service for British trade and British prestige in America."

Manchester Guardian Weekly, commenting upon the report, says:

"Those who find in finance the root of all industrial problems will perhaps look no further. But American manufacturers have succeeded, in spite of, rather than in consequence of, the financial policy of the Federal Reserve Board. They have had no encouragement from rising prices. Colonel Willey attributes their success in the main to the fact that 'production has through increased efficiency increased much more rapidly than the number of wage-earners employed.' In the last decade for a given volume of output the number of wage earners has fallen by 23 per cent and the power used has fallen by 12 per cent. If these figures are correct, they prove amazing progress in industrial technique.

American Conditions Utopian

"TO THE ordinary British employer this description of American conditions must seem almost Utopian. What percentage of his profits would he not give if he could expect from his workmen service restricted only by their capacities and not by their rules? And what service would they give him if they knew that he measured success by the wages he could afford rather than by the profits he could earn? . . . But if human nature is the same, what is it that prevents us from reaching the American standard of good-will?

"Some means must be found of satisfying the workman that honest work will be duly rewarded and not simply go in increased profits, and of satisfying the employer that high wages will be rewarded with high output. The prevailing distribution of powers, functions, and rewards between capital and labor is a legacy from a time when the ideal of profit-making was supreme. The ideal has changed

Changes in the machinery have not kept pace."

Shipping World, a London publication, is interested in what the mission has to say about possibilities of future export trade to the United States. It states: "It is thought that the greatest possibility of expansion lies in the textile industry, food specialties and in high-grade goods. It is possible also to increase exports in ordinary competitive lines, but the high cost of railway haulage would preclude any great sale of these in the interior. The authors repeat the warning to British writers not to be pessimistic."

Condemning the Small Checking Account

NATION'S BUSINESS reaches some far corners, including Caplinger Mills, Mo., with a population of ninety souls, and a bank with a capital of $15,000. An article in a recent number entitled "Defending the Small Checking Account" drew this comment from Fred S. Wetzel, cashier of the bank of Caplinger Mills, Mo.:

It is true that it hasn't been a great while since the burden of a considerable amount of bank advertising was, "Five Dollars (and sometimes one) Opens an Account with Us," neither has it been a great while since this country has experienced one of the greatest burdens of bank failures ever known.

Daily the papers would have, in a very prominent place, an account of a bank failure. They became so numerous that confidence in banks in general was weakening.

The small checking account had its place in being responsible for this. The expense accounts of banks were increasing so rapidly that officers of banks were straining every point, and sustaining losses by so doing, in an effort to keep profit at a safe distance above expense.

Years ago when banks were doing so much advertising for accounts large or small, these accounts were opened to an end of saving, and as a protection against fire and thieves. Now they are opened and used, for the most part, because it is more convenient to use checks than to carry money, buy drafts or money orders.

In small country banks there are any number of accounts whose balance never exceeds fifty or sixty dollars, and for average balance, it wouldn't be worth mentioning. These banks have customers who deposit twenty or twenty-five dollars and if not watched very closely will check out thirty or thirty-five dollars and in so doing use eight or ten checks. They have others who open an account for the sole purpose of beating a check back to the bank.

The cost to banks, whether large or small, of handling the checking accounts is a great burden and increases the expense account by leaps and bounds. The cost of checks, deposit slips, ledger leaves, posting machines, clerk hire and so on is a very big item.

There are no other corporations or institutions who conduct business for profit who serve the patron whose business is small, at an expense, or at an even break, in order to have his good-will. Why should a bank strive to keep the good-will of a customer whose account will not pay its way, in hopes that he will bring three other customers whose accounts are no better than his, and one which will show a profit, and as a rule not enough profit to allow the bank to break even on the five? The average bank must get away from so much free service, if it is to pay dividends and keep on a good sound basis.

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UNI-TRE FRAMES

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ADJUSTABLE PARTITIONS

METAL DOORS AND TRIM

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Equipped throughout with Dahlstrom Metal Doors and Trim

A NOTABLE addition to the famous group of skyscrapers of Lower Manhattan is the new Barclay-Vesey Building of the Telephone Company.

The Dahlstrom Metal Doors and Trim with which it is equipped, may be counted upon to endure, with slight cost of upkeep, as long as this building stands.

We shall be pleased to furnish you with complete information upon request.

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DAHLSTROM

Foreign Draft Collections

The following are the services rendered by our Foreign Draft Collection Department:

The careful examination and comparison of documents to make certain that they conform one with the other when they are forwarded to the collecting bank.

The prompt dispatching of drafts and documents, if necessary by the same steamer carrying the merchandise, thus assuring their prompt or simultaneous arrival at the point of destination.

The issuance to our clients of advices identical with our instructions to the collecting bank, eliminating subsequent confusion or delay, should it be necessary to transmit new or additional instructions.

The care and attention given to the following of an item in order that no undue delay may occur in accounting to our customers for the proceeds.

The careful selection of foreign collecting banks to insure the collection of drafts according to instructions and at minimum rates.

The gathering and collating of up-to-date data regarding local conditions in all foreign countries, such as the customs laws, the essential facts regarding negotiable instruments and the protesting of a negotiable instrument.

The co-operation of our Foreign Credit Department and its willingness and ability to supply up-to-date credit information on many thousands of foreign names.

The supplying to customers of instruction blanks, so that concise and complete instructions may be given us.

The valuable facilities for out-of-town exporters in transacting New York or foreign business offered by the offices of our district representatives through their close contact with the main office.

We do not perform the services enumerated above merely as a part of a big bank's routine. Equitable Service is a very human thing which reaches beyond the daily routine of the teller's or loan clerk's window. It includes the knowledge, experience and sympathetic co-operation of our officers.



Are your export collections handled satisfactorily?

The wise exporter entrusts his foreign drafts for collection to a bank that gives the same conscientious care to its part of the transaction that the exporter gives to his own problems.

If you do business in any foreign country in the world, read the column at the left then communicate with the representative of The Equitable in your district.

THE EQUITABLE TRUST COMPANY
OF NEW YORK
37 WALL STREET

UPTOWN OFFICE: Madison Avenue at 45th Street
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Total resources more than $400,000,000

Solving Problems in New England

THREE major problems of New England, power, agriculture, and marketing, were considered in a two-day "town meeting" of representatives of more than five hundred New England organizations at Worcester, Mass. The meeting also accomplished the formation of the New England Conference, "the common court of assembly of New England organizations," and the New England Council, through which the decisions of the conference will have expression.

Among the speakers on the power problem were: Owen D. Young, chairman of the board, General Electric Company; Martin J. Insull, president, Middle West Utilities Company, Chicago; and Dexter Cooper, author of "The Passamaquoddy Project."

The discussions of agriculture included addresses by Joseph W. Alsop, president, Connecticut Valley Tobacco Growers Association; Julian A. Dimock, manager, Dimock Orchard Seed Potato Corporation, East Corinth, Vt.; Charles M. White, chief, Bureau of Markets, Department of Agriculture, Augusta, Me.; A. E. Briggs, secretary, Boston Fruit and Produce Exchange.

At the session on marketing addresses were made by Herbert Hoover, Secretary of Commerce of the United States; Louis E. Kirstein, vice-president, Wm. Filene's Sons Company, Boston; Frederick A. Carroll, vice-president, National Shawmut Bank, Boston; Roy D. Hunter, chairman, Executive Committee, Eastern States Exchange, West Claremont, N. H.; Arthur D. Staples, editor, the *Lewiston Journal*, Lewiston, Me.; P. F. O'Keefe, president, P. F. O'Keefe Advertising Agency, Boston.

To Promote Public Services

EACH group was also addressed by its chairman. The chairmen were: Samuel Ferguson, president, Hartford Electric Light Company, Hartford; Horace A. Moses, president, Eastern States League, Springfield; and Louis K. Liggett, president, United Drug Company, Boston.

The meeting at Worcester was organized by the Governors' Joint Committee of eighteen men, the Governor of each state having appointed three men in accordance with a plan made at the Governors' conference in July at Poland Spring, Me. The objects of the meeting, as stated by the Governors' Joint Committee, were:

To stimulate concrete expressions on matters vital to the welfare of New England to the end that New England agriculture, commerce, industry, transportation, and other public services may be effectively promoted.

Membership in the New England Conference is open to all industrial, agricultural and commercial organizations in the New England States.

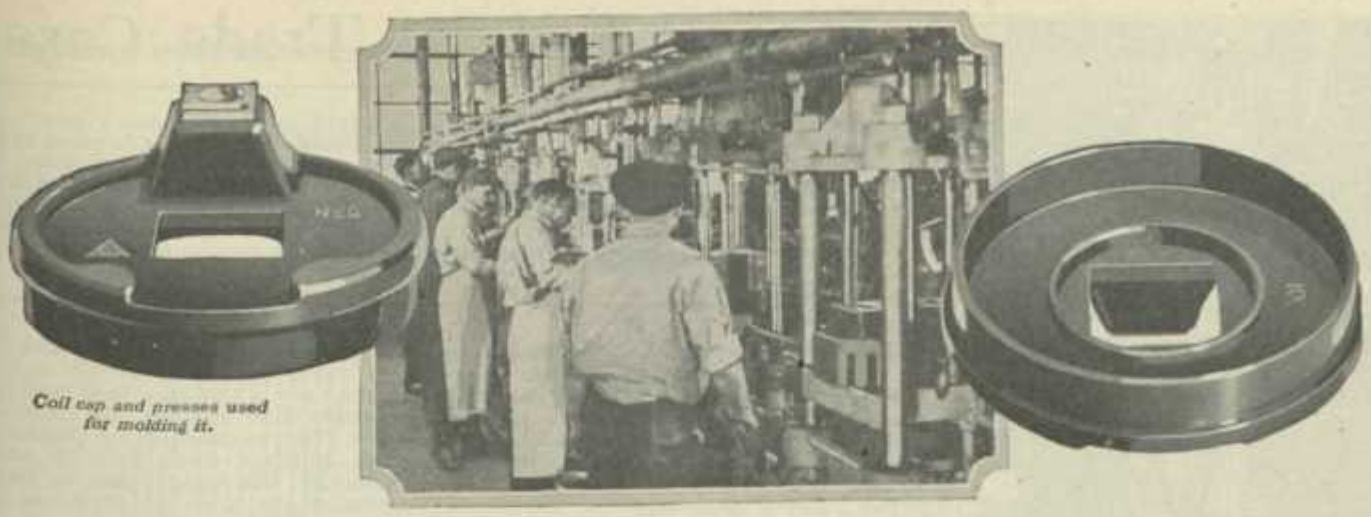
Creation of the Council, it was expected, would give New England, for the first time in her history, "a representative and coordinating group of tried and proved men," who

Will be listened to by the Governors and legislative bodies of all the New England States and by the Congress and Government at Washington.

Will remove all doubt and question as to who represents New England.

Will direct attention of the groups most concerned to opportunities for joint action.

Will concentrate the attention of all New England upon particular problems or emergencies.



Coil cap and presses used for molding it.

Twenty Bakelite coil caps molded at once

Thinking of Bakelite in terms of multiple production has led to many manufacturing economies. The striking example illustrated here is by no means an unusual one. In addition to economy Bakelite possesses properties not combined in any other material.

Bakelite provides electrical insulation with a large factor of safety. It has high mechanical strength. It has a splendid finish suitable for exposed parts of all kinds. It is not affected by heat, oil, soap or water.

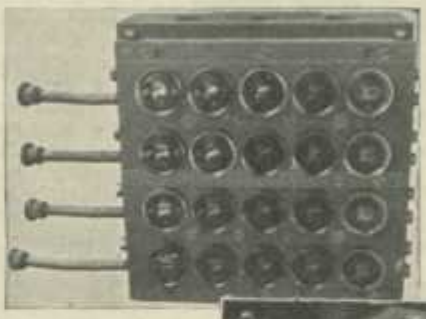
Bakelite can be molded rapidly with metal inserts embedded in the parts and can be held to dimensions much more closely than other molding materials. It therefore is ideal for quantity production.

Bakelite molded parts have a sharp, clean appearance which faithfully reproduces the polished surface of the mold. They permanently hold their shape and will not deteriorate with age.

Bakelite is chemically inert and does not corrode or change color. The lustre never grows dim.

Bakelite is so hard that it will not give or cold flow under the high pressure of screws or bolts. When locked to equipment it remains rigidly in position indefinitely.

Our engineers gladly cooperate in solving production problems.



Upper half of mold for forming twenty coil caps at once.



Lower half of mold for forming twenty coil caps at once.



Rack for loading Bakelite molding material into mold.

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Recent Federal Trade Cases

Paint maker ordered not to mix "United States" with paint not a government product or made to government specification—Bottlers should not be ruled by fixed prices, order says—"Clean, cultivated oats" get bad name from associating with "wild oats"—Hat maker agrees to give up maintenance of resale prices—A definition of a "legitimate" coal dealer and the "unfair" practices of a state association of coal dealers—Labeling of a shellac compound held misleading—Objection to amendment of complaint against merger of baking companies on ground that case will be delayed

USING the designation "U. S. Quality" or designations of similar significance to describe paint not made for or made by the United States Government is disapproved by the Federal Trade Commission in a prohibitory order directed to an oil company of Cleveland, and to its sales manager.

Two grades of paint were made and sold by the company, the Commission found. The higher grade was labeled "Para Mixed Paint," with the name of the manufacturer, and the lower grade paint was sold under several names. According to the Commission, the sales manager suggested the use of the legend "U. S. Quality" on the lower grade paint, and when this legend was used, the label did not bear the name of the manufacturer. The use of the designation "U. S. Quality" was discontinued, the findings state, when the Commission began its investigation of the case. Purchasers and prospective purchasers of surplus Army and Navy goods from stores throughout the United States understand, the Commission says, that goods bearing the designation "U. S." are government surplus goods of a superior quality at a price under the real market value.

Because of the company's practice, the findings say, ultimate purchasers of the company's paint bearing the label "U. S. Quality Mixed Paint Ready for Use" were induced by the label to buy the paint, and were made to believe that the paint was in fact a United States Government product, made in accordance with government specifications.

RESTRAINT of competition among bottlers was seen by the Commission in the alleged maintenance of prices by a beverage manufacturer of Columbus, Georgia, among the purchasers of its soft-drink concentrate, and in that view of the case the Commission has issued a prohibitory order. The order requires that the company "do cease and desist from directly or indirectly requiring the bottlers to whom it sells its beverage to agree to maintain a resale price at which said beverage is to be sold by said bottlers."

Investigation of the case disclosed, the Commission reports, that the company sold the concentrate in bulk form to bottlers, who add carbonated water, sugar, and other ingredients, and then bottle the beverage for sale to dealers and to the public. In making sales to bottlers, so the Commission says, the company required a contract in which it was agreed that the bottlers would sell the company's product at a price fixed by the company. This contract, the Commission believed, imposed a restraint on the bottlers and on the retail trade, and restrained competition in the sale of the beverage, both in the concentrated and in the bottled form.

TWO Louisville dealers in grain are required by the Commission to discontinue use of the word "oats" in descriptions or designations in connection with the selling of "screenings," "wild oats," or "mill oats" artificially mixed with cultivated oats, unless the word "oats" is "accompanied by a word or words plainly designating that such is an artificial mixture of screenings, wild oats or mill oats with cultivated oats, and not a natural mixture from the field where the oats were cultivated."

According to the Commission's findings, "screenings" are seeds of pestiferous weeds, straw joints, and other matter foreign to clean, cultivated oats or other grain. This foreign matter is separated from the wheat in the terminal elevator by passing it over a series of screens, the resulting "screenings" including large quantities of "wild oats," which have little food value to the Commission's way of thinking. These "wild oats" are sometimes called "mill oats," the Commission explains. The two dealers, so the Commission contends, artificially mixed about 90 carloads of "screenings" with approximately 900 carloads of cultivated oats, a mixture which was sold for No. 3 white oats.

Under the provisions of the Federal Grain Standards Act, as cited by the Commission, natural mixtures of No. 3 white oats may contain not more than 10 per cent of other than sound cultivated oats. The Commission found, it reports, that the dealers' mixtures were artificially modified to contain an average amount of 17½ per cent of "screenings." Artificial mixtures made by the dealers, the Commission says, were sold for No. 3 white oats at prices ranging from one-half cent to seven and one-fourth cents per bushel less than the prevailing market price of No. 3 white oats, thereby "making it impracticable for competitors who formerly sold millions of bushels of clean oats annually profitably to market their products."

The practice of mixing "screenings" with cultivated oats, the Commission asserts, injuriously affects the competing growers of clean, cultivated oats in the states of Ohio, Indiana, Illinois and Iowa, who do not resort to the practice, and also causes the ultimate purchaser to pay for a commodity which is not what it purports to be.

BY STIPULATION with the Commission a hat manufacturer of Philadelphia has agreed to a statement of the facts and waived its right to present testimony and oral argument in answer to a charge of maintaining standard resale prices for its products. The Commission has accordingly issued a prohibitory order requiring the manufacturer to discontinue maintenance of resale prices in cooperation with retail dealers and jobbers.

According to the Commission's findings, the manufacturer cited is one of the most important in the United States, and in marketing its products it deals mainly with retailers, although approximately one-tenth of its products is sold to a limited number of jobbers and by them distributed to the retail trade. The findings state that the firm endeavors to maintain a uniform retail selling price for its hats, and that when dealers have deviated from the established prices the manufacturer has held up orders until satisfied that the "offending" dealer will observe its prices in the future.

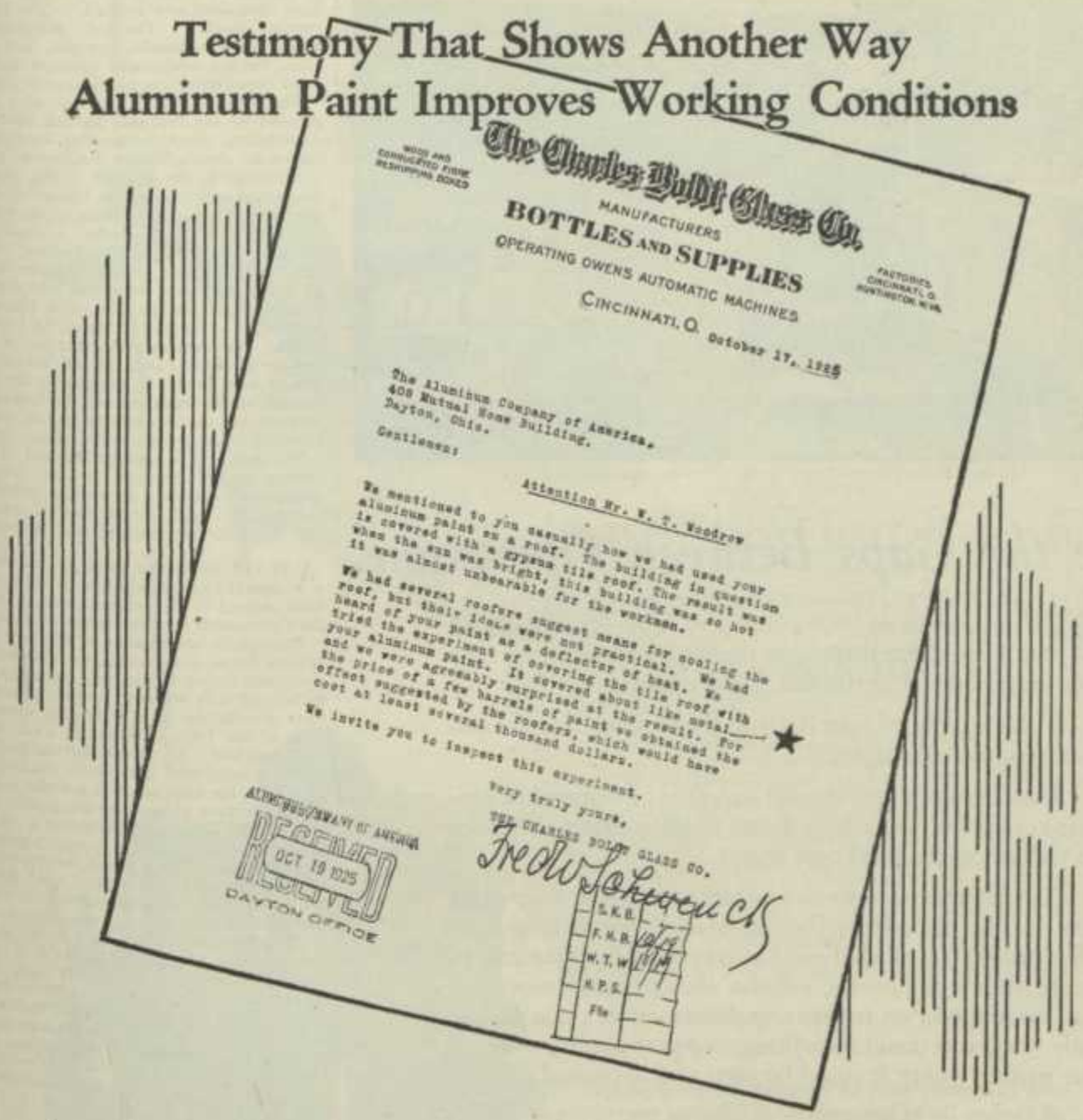
In the maintenance of its prices, the manufacturer, so the Commission says, solicited and received information from dealers and jobbers in regard to "price-cutters" of its products, and when these reports reached the manufacturer they were investigated and an effort made to stop the price-cutting.

The Commission took the position that the manufacturer's retail price maintenance methods prevent retail dealers from selling its products at lower prices that might be regarded as justified by their respective selling costs, thereby suppressing and hindering the marketing of the manufacturer's hats in interstate commerce.

A PROHIBITORY order issued against a Chicago paint-distributing corporation is intended to stop the use of misleading statements in connection with the sale of a shellac compound.

The Commission found, it reports, that the corporation marketed shellac products in which the composition ranged from 100 per cent shellac

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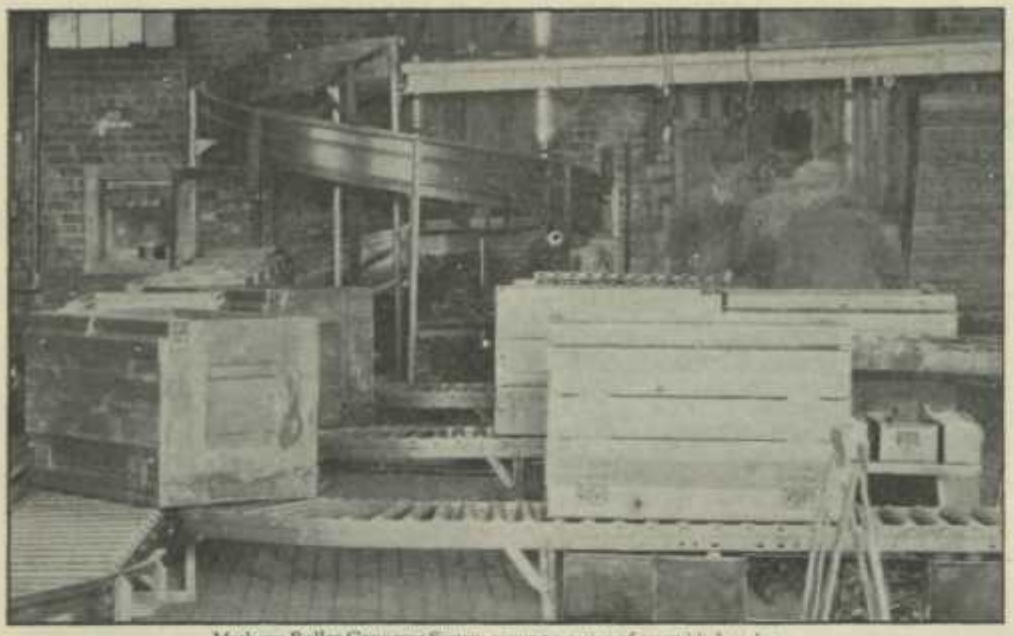
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gum to a compound containing 60 to 80 per cent shellac and adulterating ingredients of from 40 to 20 per cent. These products, the findings state, were designated and marked "white shellac," or "orange shellac." The only difference in the labels, the Commission explains, was that the labels for the adulterated products included the word "compound" in inconspicuous letters.

The findings include the text of a resolution adopted by the National Varnish Manufacturers Association, which presents a distinct nomenclature for shellac, shellac compounds, and shellac substitutes. If the product is not pure shellac, the labels, according to the resolution, shall bear the word "compound" in conspicuous letters when the content of pure shellac is more than 50 per cent, and the words "substitute" or "imitation" when the solid content of shellac is less than 50 per cent. This resolution and similar ones were also adopted by the Paint Manufacturers Association of the United States, the United States Shellac Manufacturers Association of Chicago, and the National Paint, Oil and Varnish Association of New York. In response to the spirit and purpose of the resolution, say the findings, a large number of the manufacturers of shellac are branding in accordance with its provisions.

Not only was a considerable part of the purchasing public deceived by the corporation's method of marketing its shellac compound, the Commission found, but the method was also unfair to competitors who did not make use of it.

A STATE association of retail coal dealers and several local associations in California have been ordered to discontinue practices viewed by the Commission as unfair methods of competition.

Through its investigation of this case the Commission found, it says, that the associations cited combined among themselves, and cooperated together and with others to prevent several cooperative associations from obtaining adequate supplies of coal from producers in Utah, Wyoming, and elsewhere. As defined by the state association, a "legitimate" coal dealer eligible to membership in the association, is a dealer buying coal for the purpose of resale to the public, maintaining an office and yard, displaying a sign, having a stock of coal, and the proper equipment for weighing coal. The Commission reports that of the 800 so-called "legitimate" coal dealers, 500 are members of the state association, 400 holding membership through local associations.

The state association, the findings assert, prevented cooperative associations from obtaining coal by remonstrating with the coal operators and published in *The Retail Coal Dealer* the names of coal operators providing coal to the Hayward Poultry Producers Association, one of the cooperative associations. This action, the findings say, had a tendency to influence California retail coal dealers from selling coal to cooperative associations on account of a threatened loss of business.

A REPORT on newspaper articles dealing with a proposed merger of baking companies, made by the Commission's chief examiner at the Commission's direction, says in part, "It appears from the information secure in connection with this reported merger that the newspaper reports were not well founded. So far the only thing that has transpired has been an offer by an individual . . . to purchase capital stock of the General Baking Company . . . and the organization of a company to take over that stock in event the deal is consummated, which seems quite probable according to present indications . . . The prime mover has stated that this new company is to act as a holding company, but so far nothing has been done toward acquiring the stock of any other company or in any way bringing any other company under its control."

This report recommended that the matter be held open pending further developments. At the time the complaint was prepared, publicity was withheld pending receipt of answer, which was postponed on agreement of the parties concerned. Subsequent to that agreement the majority Commissioners ordered that the complaint be amended to include charges of violation of the Clayton Act, by reason of the alleged acquisition of the stock of still other competitors



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Government Aids to Business

Reports of government tests, investigations and researches included in this department are available (for purchase or free distribution) only when a definite statement to that effect is made. When publications are obtainable, the title or serial number, the source, and the purchase price are included in the item.

A REPORT ON the railways of Mexico, prepared by W. Rodney Long, has been issued by the Bureau of Foreign and Domestic Commerce. This report presents detailed information on all the railways of Mexico, including development of the lines, mileage, names of operating officials, methods of purchasing equipment and supplies, finances, statistics of traffic, characteristics of the right-of-way, number of employes, motive power and rolling stock, repair shops and equipment.

Financing and Operation of Mexican Lines

In making this general survey of the Mexican transportation situation, Mr. Long found that "Transportation in Mexico presents a complex problem and one that demands complete readjustment of the railways before the communication facilities of the country can be satisfactorily coordinated," and that "Since the end of the Diaz administration transportation conditions have declined."

Copies of this report, "Railways of Mexico," Trade Promotion Series—No. 16, are obtainable from the Superintendent of Documents, Government Printing Office, Washington, D. C., at 35 cents each.

DEPENDABLE INFORMATION on customs entry, baggage exemptions, and local touring regulations for American motorists who plan to use their cars when traveling in Europe is presented in a booklet "Taking Your Car to Europe," issued recently by the Department of Commerce.

What to Do When Taking Auto Abroad

This booklet, prepared by Roberta P. Wakefield, of the Division of Foreign Tariffs, includes a summary of touring regulations established by European countries, and details of the arrangements for passing international frontiers. As a general rule, according to the booklet, automobiles for touring may be taken for a limited time into most of the European countries free of duty by making a cash deposit, to be refunded later, or by giving bond, to be canceled later, for the amount of the import duties or by using the "triptyque," which permits a member of any recognized touring organization to pass the international frontiers without payment of duty.

The booklet, "Taking Your Car to Europe"—Foreign Tariff Series-No. 41—is obtainable from the Superintendent of Documents, Government Printing Office, Washington, D. C., at 10 cents a copy.

THE NUMBER OF farms in the United States decreased from 6,448,343 in 1920 to 6,372,363 in 1925, or 1.2 per cent, according to preliminary figures for 1925 made public by the Bureau of the Census. This report includes the number of farms, arranged by states and counties, for the years 1925, 1920, 1910, and 1900.

Fewer Farms Now Than in '20, Census Shows

A "farm" for census purposes, the Bureau explains, is all the land "which is directly farmed by one person, either by his own labor alone or with the assistance of members of his household or hired employes," and that "when a landowner has one or more tenants, renters, croppers, or managers, the land operated by each is considered a 'farm.'"

In its analysis of the figures for 1925, the Bureau explains that the net decrease in the United States total

is the result of considerable decreases in some sections of the country, partly offset by in-

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THE NATION'S BUSINESS CONTENTS FOR 1925

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Let's look at one topic in the 1925 Index. Shall it be Taxes? Here's part of what we printed in 1925 on

Taxes

A Day With the Tax-Cutter; by *William P. Helm, Jr.*
Economy Reaches the States; by *William P. Helm, Jr.*
Federal Taxes Will Be Cut—But How?
"Here's My View"; by *Reed Smoot.*
"As I See It"; by *James Couzens.*
Summing Up the Tax Situation; by *Robert B. Smith.*
59 Millions a Year in a Hidden Tax; by *James L. Madden.*
Helping the Poor Taxpayer; *Editorial.*
How We Can Save $300,000,000; by *Charles Curtis.*
Income Tax, Here and in England; by *P. W. Wilson.*
It's a Family Argument in Wisconsin; by *Henry Schott.*
Our Banking and Tax Platform.
Our Company Pays 23 Kinds of Taxes; by *Jacob Pfeiffer.*
Our Tax Program for Congress.
Taking the "X" Out of Taxation; by *Elmer Murphy.*
Two Opposing Views of Inheritance Tax.
What Industries Are Paying the Most Taxes?
Wide Open Purse and High Local Taxes; by *Arthur Capper.*

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creases in other sections. Among the reasons given for decrease in the number of farms were the following: The ravages of the boll weevil in some of the cotton states; the migration of negro farm workers; a succession of dry seasons in parts of the Northwest; the consolidation of farms; and a general recession from the war-time expansion in agriculture, which still persisted in 1920. Increases have resulted from the opening up of new lands in parts of the West; from the subdivision of ranches and large farms for more intensive operation; and from the development of orchards and truck and poultry farms. The establishment of small truck and poultry farms, especially near the cities, accounts for most of the increases shown for New England and some other parts of the East.

Copies of the report "Number of Farms by States and Counties, 1925, 1920, 1910, and 1900," are obtainable from the Superintendent of Documents, Government Printing Office, Washington, D. C., at 5 cents each.

Blue Glass to Protect Eyes of Furnace Workers

A BLUE GLASS which will absorb the ultra-violet rays has been developed by the Bureau of Standards for protecting the eyes of foundrymen and other furnace workers. Safety engineers have insisted, the Bureau explains, that men working around open-hearth furnaces use a brown glass which reduces the intensity of the light from furnaces and also offers good protection against the ultra-violet rays.

The furnace operators prefer a blue glass, the Bureau says, regardless of the fact that it only gives some protection against the ultra-violet rays, contending that they can observe furnace conditions better through a blue than through a brown glass. This prejudice is probably due to their greater experience with a blue glass, the Bureau believes, for brown glasses are now being used with satisfactory results in some industries.

The blue glass recently made at the Bureau has, in addition to the color and other desirable properties of the ordinary blue glass, the very desirable property of providing protection against the ultra-violet rays. This glass, the Bureau reports, can be made by replacing about half the lime in a soft soda-lime glass with cerium oxide and adding sufficient cobalt oxide to produce the desired color.

Antiknock Fuels and Compression of Auto Motors

IN RECOGNITION OF the interest in the use of antiknock motor fuels, the Bureau of Standards has studied the factors determining the gains in fuel economy obtainable with engines specifically designed for antiknock fuels. On the basis of assumptions believed dependable, the Bureau determined that the use of an antiknock fuel which would permit raising the compression ratio of the ordinary motor car engine from 4.5 to 6.5 would yield an over-all increase in mileage per gallon of more than 25 per cent.

If antiknock fuels become generally available, and motor compression ratios are correspondingly increased, the Bureau says, the situation will be much as it is at present, for an accumulation of carbon would make engine performance unsatisfactory. Consequently, the Bureau believes there would be a continuing demand for a superior antiknock fuel. A progressive trend toward the adoption of higher compression ratios and persistent efforts to improve antiknock fuels are foreseen by the Bureau.

Properties of Concrete Block, Brick and Tile

BY WAY OF answering inquiries regarding the properties and production of concrete block, brick and tile, the Bureau of Standards has prepared a circular on "The Properties and Manufacture of Concrete Building Units." Included in this bulletin is a discussion of the more important properties of concrete units, and some of their uses in masonry-building construction. Concrete block, tile,



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Do you remember "The Story of a Pair of Shoes" and "The Price of a Porterhouse," two recent NATION'S BUSINESS articles setting forth many phases of the difficult subject of distribution? Their author, F. S. Tisdale, now scores again: He gives new twists to the story of what goes into the cost of a bottle of milk. Read "From Dairy Farm to Doorsill" in the February number.

Edward Hungerford, just back from Europe, told us that consolidation of railroads in Great Britain had failed. Here in the United States we are considering consolidation. In judging whether to go on with our plans we should take stock of this development. We asked Mr. Hungerford to place the facts before you as he found them—see the February NATION'S BUSINESS.

and brick are defined, and there is a useful statement of the recommendations of the Division of Simplified Practice, Department of Commerce, for the standardization of sizes of the several types of units, as well as the large number of sizes in present use.

Various materials used in the manufacture of concrete products are discussed in detail. The report also considers the size and quality of aggregates, the use of admixtures, facing materials, coloring processes, the need of careful proportioning, the proper time of mixing, the methods of molding, and the means of "curing." Factors affecting the financing of a concrete products plant are considered from an economic viewpoint, and suggestions are made to prospective investors to investigate all local conditions related to the successful operation of a plant.

Also included in the circular is a list of books, technical papers, and periodicals which are concerned with different phases of the manufacture of concrete building units, and several specifications from the standards of the American Society for Testing Materials governing the quality of aggregates and the method of testing, together with the American Concrete Institute's specifications for concrete block, tile, and brick.

Applications for this circular may be addressed to the Bureau of Standards, Washington, D. C.

Farmers' Costs of Producing Sugar Beets

A REPORT ON farmers' costs of producing sugar beets in Michigan during 1921, 1922, and 1923 has been issued by the United States Tariff Commission in accordance with its plan to publish information on the costs of production in nine states—Michigan, Ohio, Nebraska, Colorado, Utah, Idaho, Wyoming, Montana, and California—with a summary of the costs of production of sugar beets in the United States, and an economic analysis of the sugar-beet industry.

In presenting this series of reports the Commission explains that

> on December 19, 1922, two months after the tariff act of 1922 became effective, the Mountain States Beet Growers Association, representing the sugar-beet producers of Colorado, Montana, Nebraska, and Wyoming, made formal request to the Tariff Commission for an investigation of the costs, returns, and economic conditions in the sugar-beet industry. Their request was vigorously supported by the sugar-beet producers of other states.

Copies of the report on Michigan, entitled "Costs of Producing Sugar Beets, Part I—Michigan," are obtainable from the Superintendent of Documents, Government Printing Office, Washington, D. C., at 20 cents a copy.

Deterioration of Rubber to Be Investigated

THE BUREAU OF STANDARDS has begun an investigation of the aging of rubber to determine the cause of deterioration, to find means to prevent deterioration, and to devise laboratory tests by which the life of a rubber product can be predicted with more accuracy than is at present possible. So far, the work has included four different rubber compounds ranging from "pure gum" to a highly compounded stock containing reclaimed rubber.

Each stock was vulcanized for three different periods, making a total of twelve rubber stocks under investigation. The factors which might affect rubber, including heat, light, oxygen, moisture and the like have been isolated as far as possible, the Bureau explains, and the influence on each of the rubbers is being determined.

Marked differences were observed in the aging properties of the four compounds, and in the way in which they were affected by the different treatments to which they were subjected. As a general conclusion, the Bureau reports that the "pure gum" compound has the poorest aging properties, and that one of the stocks most affected by heat is least affected by light, and that one which is rapidly affected by light will withstand heat the best. A report on the results of the investigation will be published.

Note patented steel back construction; automatic lock, and double release steel prongs welded by exclusive process; pressure of single button opens back for speediest possible insertion of sheets.

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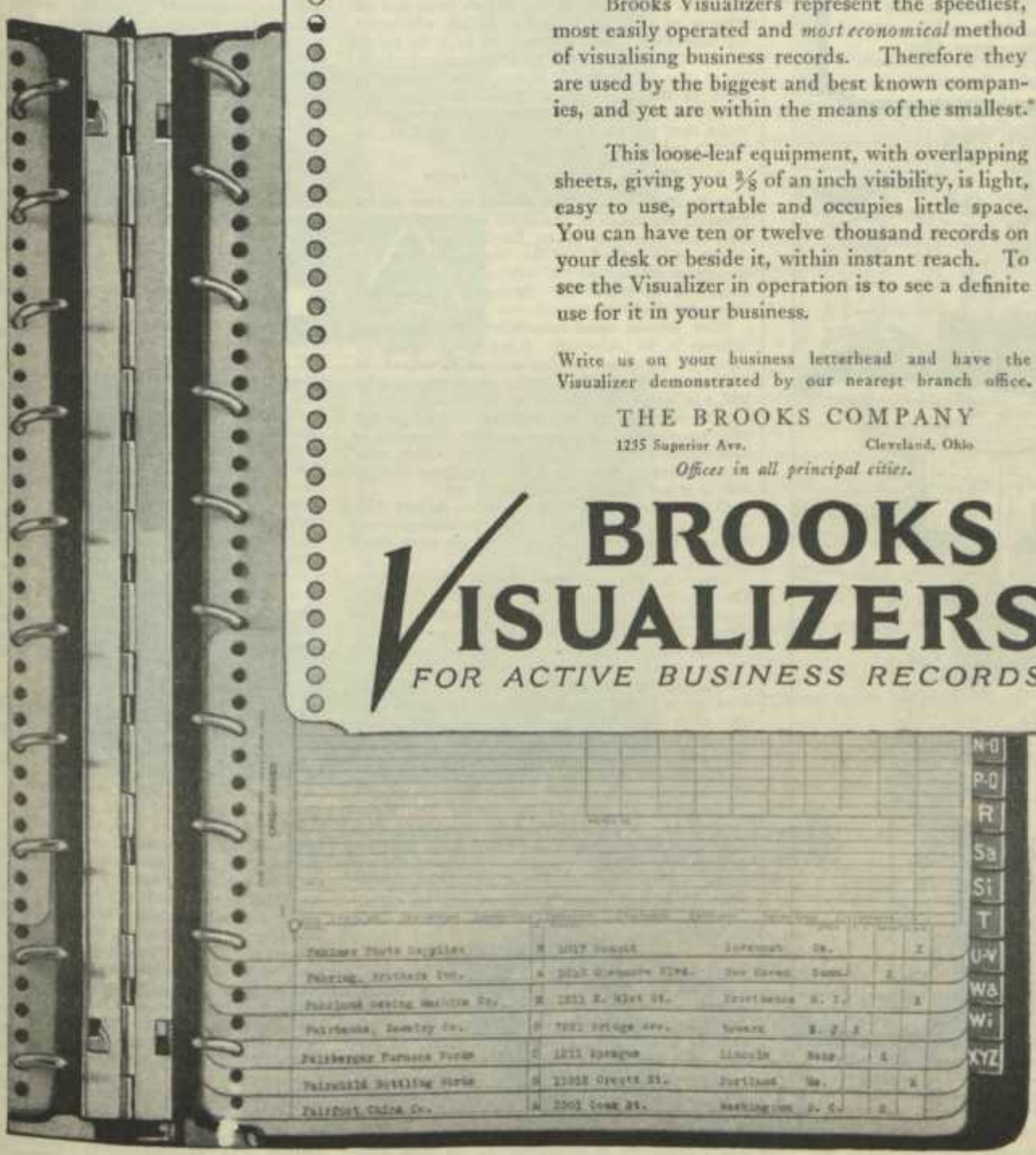
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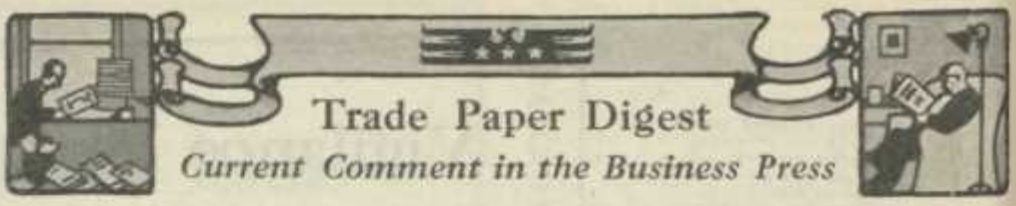
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Attach this coupon to your firm letterhead

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Please send me without obligation a copy of The GF Allsteel Furniture Catalog. N B.

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Firm.....
Street No......
City.....*State*.....



THAT the restriction policy of the British Government in regard to rubber has its adverse critics among the British commentators is proved by the following excerpt from the *Manchester Guardian Commercial:*

"The most striking effect of the restriction scheme has been that the British Empire's production of rubber, which accounted for three-quarters of the world's supply in 1921, has shrunk to one-half, while the output from the other sources has doubled in the same period. Moreover, as has been repeatedly pointed out in these columns, the tendency for our share in the world's production to decline will be strengthened in the next few years, since restriction causes a reduction of planting in the British areas and an increase of planting in those districts which are not controlled by the scheme. In 1922 the policy of restriction was a regrettable necessity; in 1926, unless the Government makes some change in front in the near future, it will be quite unnecessary and still more regrettable, since it will mean that we no longer have command of the world's rubber supplies."

English Economists Disagree

India Rubber and Tire Review reprints an interesting discussion of the other side of the question from the pen of an Englishman, H. Eric Miller, who served on the board drafting the Stevenson Act and on the Advisory Committee in charge of its execution. He sees no immediate causes for reaction:

"One of the chief merits of the Stevenson scheme is its automatic functioning, and any errors of judgment arising out of it cannot be laid at the door, either of the governments who will administer the scheme or of their advisers.

"The strength of the position at the present time prompts one of my somewhat conservative temperament to search for causes which may bring about a reaction but I candidly confess that it is not easy to conjure them up.

"I repeat the advice to manufacturers that they should make the necessary financial arrangements to carry larger stocks of crude rubber when these again become available."

American critics are not so happy when viewing the situation. The same journal reports the opinions of Dr. H. N. Whitford, expert with the Crude Rubber Division of the Department of Commerce, who had charge of the Government's recent surveys of rubber-growing possibilities throughout the world. He predicts that the shortage will last through 1931. He states further that only the immediate planting of a million or more acres will alleviate the famine by that year.

"Confidential reports indicate that total plantings of 1,715,000 acres of new rubber are needed to meet the demands of the world," Dr. Whitford said. "Some British authorities have estimated the total needs at 3,000,000 acres and are urging that British planters set out 1,500,000 acres." Dr. Whitford sees sky-rocketing prices after 1927, and suggests that American manufacturers pool their interests and start at once on a five-year planting project.

Firestone Project Applauded

Editorial comment on the Firestone project in Liberia has been uniformly enthusiastic. *Iowa Homestead* sees in the project the ultimate answer to any attempt at monopoly, public or private. To quote:

"The action taken by Mr. Firestone indicates the course which would be followed by other countries should the United States similarly attempt to control the supply of articles of commerce produced in this country. If these articles could be produced elsewhere cheaper than they can be bought in the United States, they would be so produced. Price fixing by law is a dangerous enterprise, and can be successful only when the consumer must pay the price demanded and can establish no other source of supply."

Brazil once had control of the world's rubber supply. She controls the bulk of the coffee supply today. She lost the rubber trade and some think she may lose coffee. *The Tea and Coffee Trade Journal,* discussing this phase, says:

No Absolute Monopolies

"In these modern times there is no such thing as an absolute, air-tight monopoly. So with coffee. Without analyzing the possibilities of a big coffee-raising boom in Colombia, in the Dutch islands of the east, in Africa, or elsewhere, a long continuation of high prices would mean an end to the Brazilian monopoly. Brazil might wake up some morning, in 15 years, perhaps 10, perhaps even less, to find her proportion of our trade dropping down to much less than half, and that, of course, would mean no more control over the world's coffee trade.

"Brazil, which once supplied the world with rubber, came to furnish only 5 per cent, when the British poured $500,000,000 into rubber plantations and prices went down and down."

Export Trade and Finance reads in Secretary Hoover's recent address at Erie a cry to take up valorization schemes in self-defense, but does not think the times are ripe for such action. To quote:

Reciprocal Action Condemned

"When we are prepared to throw down our own tariff barriers in restraint of international trade and welcome international competition on a free trade basis, it is only reasonable that we should wax indignant over unreciprocity in any form. Until then, it seems out of place to demand as a right the abolition of protective practices by other countries. And in any event we do not feel that this is the time to jeopardize the efforts of American exporters by official sniping or by threats of valorization control of our own raw material production of cotton, oil and so on which are so sorely needed by foreign manufacturers as is rubber by our own citizens."

Daily Metal Reporter saw in the address a warning to other governments that "if they exacted conditions that were unfair to American trade the United States would be compelled to retaliate by regulating the commodities which this country produces and which other nations find essential."

Volume of Instalment Buying Causes Diversity of Comment

THE TREMENDOUS volume of instalment selling is cause for a wide variety of comment from diversified trade interests.

"The endeavor to sell the partial payment plan and the contracts of the finance companies has been the cause of considerable ill-feeling and no little heated controversy in hardware circles," according to the *Hardware Dealers' Magazine.*

The *Commercial and Financial Chronicle* calls attention to the resolution passed recently at the convention of the National Hardware Association, which deprecated the growing tendency to purchase goods, particularly paints, on the instalment plan, because of the increased cost of the commodity due to bonuses paid to finance companies to cover the cost of collection. The *Chronicle* quotes the New York *Journal of Commerce:*

'By inaugurating the instalment plan of selling automobiles, Henry Ford has started the country toward economic and financial ruin, according to T. James Fornley, executive secretary of the National Hardware Association."

Charles E. Herrick, vice-president of the Chicago Association of Commerce, said, in a recent

Avoid this Glare

for your eye is more sensitive than a photographic lens.



... Photographic illustration "one", above, demonstrates that a window half shaded is but little better than a window with no shade at all.



... The diagram and photographic illustration "two", below, demonstrates how effectively daylight is controlled by Western Venetian Blinds.



DIRECT rays of sunlight cause glare—light of harmful intensity, injurious to eyesight, annoying, and destructive to human efficiency.

... Note in illustration "one" how distinctly the camera has recorded glare caused by direct rays of sunlight. Think how injurious is the effect of such intense light on the sensitive retina of the eye. No wonder office workers subjected to such trying conditions tire easily, suffer from eyestrain and nervous headaches; no wonder they are only 75% efficient.

... The ideal light is daylight without glare — soft, subdued, restful. And this ideal light is provided by *Western Venetian Blinds.*

... Note in illustration "two" how daylight is controlled. Glare is eliminated and soft, restful daylight is evenly distributed throughout the room. This perfect control and distribution of daylight is accomplished by an ingenious arrangement of adjustable slats. Direct light rays are reflected to the ceiling where they are again reflected and diffused. No other window equipment will so effectively control the intensity and distribution of daylight.

... Just compare the two photographic illustrations again. The value of controlled daylight is so apparent that the intrinsic value of *Western Venetian Blinds* is at once demonstrated.

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A Judge of a high State Court writes: "I named a trust company in my will as executor and trustee of my estate because I wanted the peace of mind—the sense of security that comes from knowing that my wishes as to the distribution of my property will be faithfully and efficiently carried out."



A Clerk of a Superior Court states: "My experience as clerk of the Court has demonstrated to me the folly of appointing the average individual to perform fiduciary services. In cases coming under my discretion, I favor and recommend the appointment of a corporate fiduciary."



The President of a large Corporation writes: "In the majority of cases it would be much wiser for a husband intending to leave property to a widow or others having little business experience, to appoint a trust company as executor. It would save money in the long run."



A Bank President says: "Men are realizing more and more the advisability of creating trusts. There are many cases in which widows lose their estates through bad investments. It is difficult to make people who are not familiar with financial and business affairs realize the importance of conservation."

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speech, according to the Chicago *Journal of Commerce:*

"While this plan of instalment selling, which has already created a public debt amounting to more than $4,000,000,000, has been a considerable stimulant to business, at present, it may prove to be a very serious boomerang to the business of the future."

Louisville Purchase Plan

American Bankers Association Journal carries a story of the methods of a Louisville department store to meet the financial problems involved. "This store advertised that purchasers might have from 25 to 50 weeks in which to pay for merchandise bought from every department at 'cash prices,' announcing that this service was made possible by the store borrowing the money for the balance due from a large national bank. There have been indications that this plan of linking the department store sales with bank loans arranged through the store will meet with more general adoption in various cities throughout the country."

Business Chronicle of the Pacific Northwest speaks of "Instalment buying as a drag on collections." *San Francisco Grocer* quotes Rivers Peterson, of Indianapolis, from a speech before the American Trade Executives Association at Chicago:

"We are paying about $800,000,000 over and above the normal price of the merchandise itself, simply for the price of buying on time. The plan is not good for the consumer because it encourages him to buy more than he should buy. Distribution must pay, somewhere, for such credit terms. As usual, the consumer is the goat.

"From the merchant's viewpoint, he is worrying about the freezing of money in instalment accounts, hardening the arteries of business."

The same journal prints the views of an executive of a well-known commercial investment concern. He is quoted as follows:

"Good For One and All"

"I believe that the instalment plan of purchase has played a very vital part in this country's wonderful prosperity during the past five years. I believe that the effect of instalment buying has been good for the individual, for industry and consequently for the country at large."

Proof that the issue is far-reaching is to be found in its effect on an industry which probably shows reflections of current business conditions to a minimum degree. This is the tombstone industry. *American Stone Trade* advocates editorially the adoption of instalment selling of monuments.

"There is no reason why you can't sell a monument on the instalment plan the same as any other article. The monument in your stock can be marked as so'd and held by a contract of partial payments until paid for, and the contract carried out in accordance with its terms. To get this big modern plan of merchandising to work for the monument man is desirable, and in some localities will work fine from the start."

Less Road-Rate Regulation Advocated By Rail Journal

RAILWAY REVIEW has started what may amount to a campaign for less government regulation of the railroads and their earnings. It suggests a "Fifth Amendment Week," to impress upon the general public, 900,000 of whom own stock in various railroads, that private property is not subject to confiscation, and that is what regulation has amounted to, in the contention of the *Review*.

"The railroads have not been treated fairly either by the government or by the public and the sooner this fact is impressed upon the public the better it will be for the country.

"The Transportation Act directs the Interstate Commerce Commission to make rates high enough to yield a fair return and gives it power to say what the return shall be. The Commission never has obeyed the first requirement, but it has set the rate of return at 5.75 per cent, which the roads as a whole have not realized in nearly five years. In four years and a half



Animal



Vegetable



Mineral

It took three kingdoms ...and one republic

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TO the making of your telephone, Nature's three great kingdoms—animal, vegetable and mineral—have contributed generously. And, to these, the American republic has given of its best inventive vision and work-a-day skill.

This has been an enterprise reaching to the far places of the earth but coming back always to the Western Electric telephone factory at Chicago.

Here precious gold and shining silver are matched in brilliance by the ingenuity that directs their use. Here too age-old traditions in the culture of silk are met by modern methods in the production of the telephone.

In less than half a century Western Electric men have made these methods the standard of the world for telephone making.

The silkworm of the animal kingdom, the cotton plant of the vegetable kingdom, and the lead bar of the mineral kingdom—these are typical of the nineteen different raw materials which America's technical genius has compounded into the telephone.



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these roads have earned an average yearly return of 3.94 per cent on investment. This has amounted, in fact, to confiscation of a large part of railway values.

"What the *Railway Review* opposes and intends to continue opposing, is the theory that in the face of all the modern forms of competition the railroads must continue to submit to drastic regulation, state and Federal, that is choking the life out of them."

Discussing mergers of roads, *Price Current-Grain Reporter* makes this observation:

"From a position entirely free from prejudice the Interstate Commerce Commission and other interested groups should now give the closest attention to the consideration of proposed railroad consolidations. The financial side ought to be handled so that exorbitant exactions shall not be taken. If mergers of this sort are for the general welfare of the railroads themselves and for the country the I. C. C. will authorize it and shall have full control of any freight increase which may later be proposed. The shipping public has a right to expect protection along this line and should not be called upon to pay higher freight rates, a part of which would be devoted to organization expense."

Retail Stores Like Decision Regarding Fixed Sale Price

COMMENTS on the decision of the U. S. Circuit Court of Appeals in reversing the order of the Federal Trade Commission against the American Tobacco Co., to cease refusing to sell to jobbers who sold at cut rates, are usually loud in praise of the Court. Manufacturers and dealers alike are pleased. *The International Confectioner* makes a significant comment when it says that the decision means a stabilization of trade that has long been vitally needed, and is particularly welcome to the candy trade, which has been, and is, at the mercy of cut-throat jobbers, according to this paper. The *Western Druggist* quotes *Toilet Goods*, a monthly toiletries journal, in describing the latest thing in "meanest men" as follows:

"The meanest man in Rome described by Juvenal could not hold a candle to the retailer who, maintaining prices at his own store, buys and ships goods to a price cutter in another neighborhood. Such men are traitors to the cause of honest merchandising."

Cotton Crop Report Attacked; Jardine Defends Board's Acts

THE CROP REPORTING BOARD of the Department of Agriculture has come in for criticism lately from political and trade sources, and Secretary Jardine answered the criticism in his reply to an inquiry from Senator Pepper.

The most startling criticism came from Senator Caraway, of Arkansas:

"Whenever there is an apparent recovery in the cotton market, the Bureau of Crop Statistics of the Department of Agriculture gives out an estimate many thousands of bales in excess of the wildest hopes of the bear element of the cotton gambling fraternity. These cotton reports have this year cost the cotton growers of America not less than a quarter of a billion dollars, and this is a conservative estimate.

"It is time to reform or else abolish the Department of Agriculture, which has lent itself, consciously or unconsciously, to every gambling raid on the farms of the South and West." Senator Borah, according to the *Commercial and Financial Chronicle*, which quotes both Senators, is of the same view. "I am with him in what he says about the Government being in the gambling business." The same journal quotes the *New York Times* on "the bad effects upon the market of the present system of crop reporting and the desirability of returning to the monthly system as soon as possible. It is devoutly hoped in the trade that Congress will authorize a return to the system of monthly reports."

Southern Tariff Advocate prints the complaint made by Senator Heflin to the Secretary of Agriculture:

"It is a matter of common knowledge through-

out the cotton belt that the abandoned cotton acreage this year is the largest in the history of cotton production in the United States. It is generally estimated to be more than 5,000,000 acres. The failure of the Crop Estimating Board at Washington to give to the public this important information prior to September 1 has resulted in just and widespread criticism of the Board's conduct and in grave injustice and serious injury to cotton producers in the United States."

Secretary of Agriculture Replies

Secretary Jardine, according to the *Commercial and Financial Chronicle*, defends the Board as follows:

"The underlying causes for such criticisms of cotton forecasts and estimates undoubtedly lie outside the reports themselves, and are probably due to the inherent character of the crop. They may be briefly summarized as follows:

"1. Cotton is the main cash crop of a large percentage of the farmers of the South, many of whom watch the market closely.

"2. The crop is a highly speculative one, with a well-organized future market, which is extremely sensitive to crop changes.

"3 The bulk of the world's cotton crop is produced in the United States.

"4. The time between planting and picking is longer than for most any other annual crop, and uncertainty as to the final outturn extends almost up to the time the last bale is ginned. The crop is very susceptible to weather and insect damage, while on the other hand, under favorable conditions, it shows remarkable recuperative powers. The fact that the crop prospects may change almost over-night necessarily results in material changes in the forecasts of the crop from time to time during the season, with consequent fluctuations or changes in price.

"5. The issuance of a great number of private forecasts just in advance of the official report, which sometimes vary from one another as much as two million bales or more, tend to make the markets nervous and when the average of the private forecasts does not agree rather closely with the official forecast, rather violent reactions frequently occur. This has happened several times during the present season."

Commerce and Finance takes the position that the reports of the Estimating Board are a necessary evil which need not be indulged to any extent, in a recent article by Theo. H. Price.

"The cotton trade is learning to disregard the fortnightly estimates of the Crop Estimating Board. Comment upon its latest figures is therefore unnecessary. The action of the market after the report was made indicated that the trade is disposed to act upon its own views rather than upon the statistical vagaries of the Board. It is doubtful whether the next government report will have any effect at all. . . ."

Wide Difference of Opinion On Employe Stock Ownership

EMPLOYE ownership of stock is discussed by several journals editorially. *Commercial and Financial Chronicle* reprints an address by W. Z. Ripley, Professor of Political Economy at Harvard University, in which he deplores "the alarming divorce of the ownership of property, represented by securities emitted by corporations or trustees, from any direct accountability whatsoever for its prudent and efficient management," and "the wide and ever-accelerating diffusion of a considerable portion of this ownership. Until corrected by appropriate revision of our corporation laws or practices, this apparently healthful manifestation may contain the seed of grave abuse. Effective control may run to the intermediaries, in this case promoters, bankers or management companies." Professor Ripley also predicted an extension of government supervision over the conduct of private business and urged the enlargement of the powers of the Federal Trade Commission.

The Bank of America, according to the same authority, takes issue with Professor Ripley, and states that his fears are not shared by the public generally.

Business Chronicle of the Pacific Northwest



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And for the same reason it will pay you to put the big, broad-shouldered, strong-bodied Federal Double Blue Pennant Truck Cords on your trucks.

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sees only good to come from employe ownership, when it says: "In America the 'capitalistic class' is growing rapidly. The worker now owns stock in the company by whom he is employed; he has further capital represented by life insurance, home ownership and a savings bank deposit, with perhaps a Liberty Bond or two.

"Whenever the laborer saves and invests his first $100 in interest-bearing securities, he takes his first step toward becoming a capitalist."

In a current issue of the *Lamp*, organ of the Standard Oil Company of New Jersey, an employe stock subscription plan is outlined, stating that on the last day of this year "900,000 shares of common stock of the company will pass to the 16,000 employes who have participated in the acquisition plan. This transfer of ownership will carry with it the heartiest good wishes of the shareholders of the company and its executives."

The American Federation of Labor has no such feelings of good-will for the employe stock-ownership plan, according to *Iron Age*. The organization's view is as follows:

"Equally deceptive is the sale of company stock to employes who are unacquainted with the speculative character of all common stock."

Critics of Postmaster New Discuss Deficit Reduction

AN ANSWER to Postmaster General New's article "The $42,000,000 Postal Deficit" which appeared in the November issue of NATION'S BUSINESS is published in *Good Government*, organ of the National Civil Service Reform League. The main contention of the answering article is that much of this deficit is unnecessary due to the fact that the department is largely controlled by politics. Two sources of extravagance are the postmasterships and the rural free delivery, the writer contends, and these are run by politicians. A plea is made for appointment to postmasterships on the ground of merit rather than because of party loyalty.

Discussion of postal rates is taken up in the *Package Medicine Journal* by Richard H. Lee, General Manager and Counsel of National Council of Business Mail Users. The writer urges business men generally to take up with Congressmen the fact that the Post Office Department needs business methods of operation. As an example of the lack of business foresight shown by Congress during the last session, the following is cited: "The Government needed more money to meet a wage increase. Congress did not know that when great business institutions need money in this day they do not increase their selling costs; they decrease them; they do not try to make a great profit on one item; they try to multiply a small profit on many items."

People Prefer Autos to Homes, Says Barron, Replying to Gary

"IF JUDGE GARY is right, this country is in for an era of upbuilding and expansion never before dreamed of," said Clarence W. Barron, publisher of the *Wall Street Journal*, commenting of the statement by Judge E. H. Gary of the U. S. Steel Corporation, that the steel companies soon will be refusing orders, according to the *American Metal Market*.

"I have had doubts for some time as to whether, as a nation, we were home builders or automobile buyers. But, if Judge Gary is right, we are doing both, which is phenomenal.

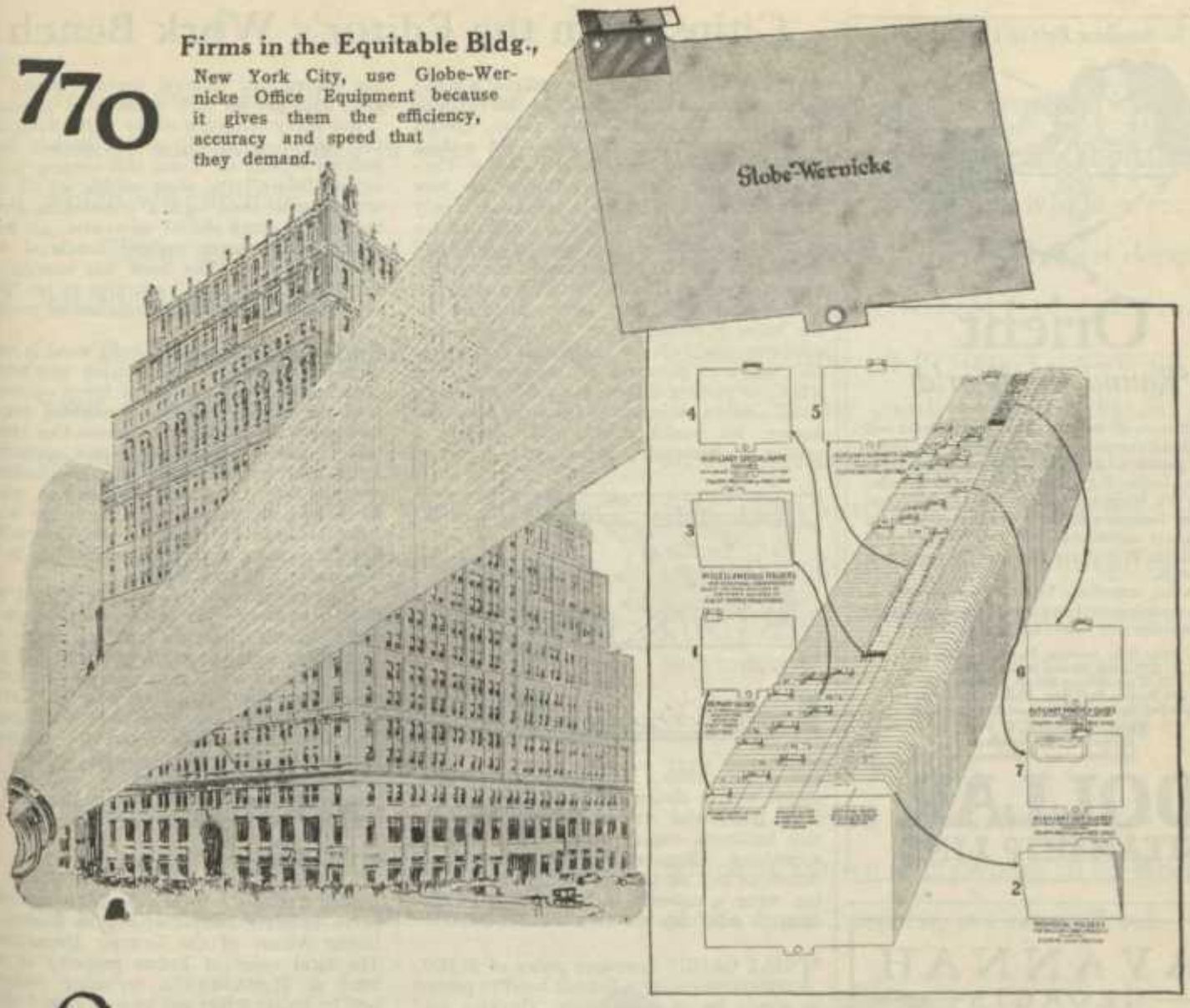
"I believe people prefer automobile to house-owning. The astounding fact in the whole financial situation is that we are now again drawing gold from Europe, more than $25,000,000 having been recently been shipped to us.

"As we are now in possession of one-half of the money-gold of the whole world, bankers have expected that we would from now on be exporters of gold as we continued to loan money to foreign enterprises and European nations.

"As I have said before, business is too good. Abundant prosperity begets carelessness, and easy credit often means overextension. Business men must study the fashions, for prosperity cannot be in all trades at the same time."

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Please send me a copy of your Booklet, "Eliminates Waste," which explains how others have used Angular Tabs to their advantage, together with a sample Angular Tab Guide.

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When writing to The Globe-Wernicke Co. *please mention Nation's Business*

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Round the World

Magnificent, oil-burning President Liners sail from San Francisco every Saturday for Honolulu, Japan, China, the Philippines, Malaya, Ceylon, India, Egypt, Italy, France, Boston, New York, Havana, Panama and Los Angeles.

From Boston and New York they sail on fortnightly schedules for the Orient and Round the World via Havana, Panama and California.

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It's the Big Thing of the new South in all branches of business—industrially, commercially and in the entertainment of America's winter vacationists.

Nationally known financiers of Detroit, New York and other cities have taken Savannah seriously and have invested there. Always one of the great eastern ports, Savannah is at present the chief center for direct water shipment to Florida. A mild climate permits all-year working conditions. Bank resources now exceed $100,000,000.

The opening of the Savannah-Carolina bridge and approaches has doubled Savannah's trading area and has brought a 300% increase in tourist travel so far this season. (Saves 210 miles via Washington, D. C., and Richmond, Va.)

Railroads grant stopover privileges on all round trip Florida tickets. Direct passenger steamship service.

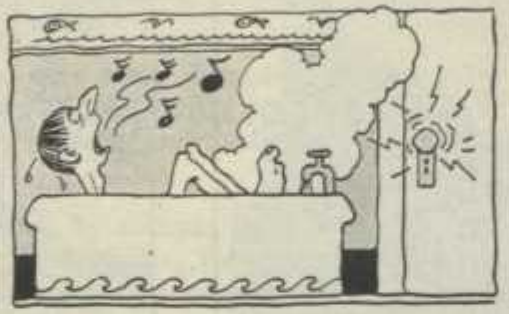
For illustrative booklets, and road information, address

BOARD OF TRADE
11 E. Broughton Street
Savannah, Georgia

Chips from the Editor's Work Bench

APPLICATION of the proposal that a man's bathroom take color from his fortune would seem to require water colors, though oils are also symbolic of riches. In making the suggestion to the Tile and Mantle Contractors Association, Roy Jordan of New York said that a plain white bathroom is only for the $10,000 home; that a $20,000 home should have bathrooms in blue or pink tint; and that a $40,000 home should have purple, green, or yellow tiles in its baths, and so on.

And what would Mr. Jordan prescribe for the baths of millionaires? Nothing less than rainbows would do for the golden showers of the rich and powerful of the earth. And what's to prevent income tax publicity issuing from a man's bathroom? Once the color was known, his wealth might easily become a matter of clamorous public interest—a sort of



hue and cry affair. To color a nation's bathrooms with a distinctive symbolism of well-being is a useful service, but it is high time that bathroom singing be made to stand for something. Somewhere there must be an American boy on the way to saying, "Let me but write a nation's bathroom songs, and I care not who may make its laws."

THAT GROUP insurance policy of $1,000,000,000 taken by a Detroit hotel to protect its guests for 48 hours after "checking out" should sharpen thought on the perils of traveling. It may invite a man to ponder the comfortable security of the hotel, and the "slings and arrows of outrageous fortune" outside, or it may be food for vanity, for many a man with a price on his head becomes a fascinating figure for the world's wonder . . . an important fellow likely to crash into the headlines at any moment . . . and who of the great of the earth can forego the morbid pleasure of focusing his mind's eye on post-mortem appraisals of his worth.

Even so, the keepers of the great inn have given reason enough to revise the old judgment on the sleep of kings with saying that "Easy lies the head that knows our policy"—and perhaps, as in the heaven of good hotel men, the guests will all turn out to be "good risks."

THE IMPORTATION of fifteen million feet of Pacific Coast lumber into Florida is a new staff on which to lean belief that some day the phrase makers will be confounded with word that those traditional coals have been lugged into New Castle.

ALONG with the continual downpour during the last world's series came the usual deluge of millions of words from the writers assigned to the games in Pittsburgh and Washington. Of the vast total that got into newspapers and magazines, 10,000,000 words are said to have passed through offices of the two telegraph companies. Glory be! Noah and his epochal nautical venture during the great rain got no such measure of publicity.

But every telegraph editor well knows that the wire is not closed to that ancient flood. Belated reports of it are still coming in, all signed "More," the most prolific of all correspondents. And such a tremendous irrigation of the earth should, of course, get more space than a mere soaking headlined with "wet grounds." The flood was exactly "as advertised," and it will continue to be "good copy" for a good many generations of readers.

WHILE a good deal of pulp wood is regularly consumed in printing impractical recommendations in behalf of forest conservation, the lumber industry is working out its own salvation through a business-like reduction of waste in logging and mill operations. Fresh evidence to support that conclusion is reported from Long View, Washington, where the Long Bell Company will supply the waste from Douglas Fir trees to the Crown-Willamette Paper Company for utilization in the manufacture of kraft paper.

The paper company is building a plant with a blower-pipe system to serve its barges on the Columbia river. Chips and butts will be reduced in the plant to sizes that will pass easily through the blower pipe to the barges bound for the company's mill at Camas. There it will be converted into kraft paper. This arrangement made by the two companies promises to turn waste wood into a more important and useful commodity—and if they hew to the line of their contract they will let the chips fall where they pay.

THE VALUE of property owned by the American Indians was considerably increased during the fiscal year 1925, according to an estimate completed by the Bureau of Indian Affairs of the Interior Department. The total value of Indian property is now fixed at $1,656,046,550, including property held by Indian tribes and by individual Indians under the guardianship of the Government.

The increase is attributed to the enhanced value of oil and gas, coal, lead, zinc, asphalt



and other mineral deposits on tribal lands. The value of these mineral resources, as estimated by Indian superintendents and the Geological Survey, amounts to $933,947,224.

Excepting a depreciation in some of the lands held by Indian tribes, every other sort of property owned by the Indians gained in value during the year. And all the time people have been condoling with "Lo, the poor Indian" who stood in front of the cigar store—like as not, he owns the place now.

AN INFORMAL commentary on fashion's influence over industry is made by the Silk Association of America in reporting the increase of importation of raw silk from 46,000,000 to 59,000,000 pounds a year. It's all owing to the expansion of the American

"I look over carefully the proofs of every booklet and every piece of sales literature which we purchase."

"Then why don't you look over your letterhead?"

The President, about to punch the elevator button, paused. He regarded Burris resentfully.

"What is the matter with it? That letterhead is as old as the business. It is recognized by everybody who knows us. And it is very inexpensive."

This attitude may still be met with frequently among business executives. Yet, as a matter of fact, the letterhead which is as old as the business may not be a good one. In fact, if the business is an old one, it probably is a poor one. And the thing which is recognized as familiar isn't nearly so strong as the one which is recognized as good. As to expense, that depends upon what the letterhead is supposed to do. It's first purpose is to convey a message.

But it has another. It should convey an atmosphere, a *personality*, which identifies the business it represents, and it should convey that atmosphere or personality so convincingly, so pleasingly, so substantially, that it makes the same kind of favorable impression that a good salesman or a fine office does.

The writing paper which does this, which is known everywhere to be worthy of the finest business, is Crane's Bond.



Consisting of

CRANE'S BOND · CRANE'S PARCHMENT DEED · CRANE'S JAPANESE LINEN · CRANE'S OLD BERKSHIRE

Any engraver, printer, lithographer, or stationer can supply you with your letterhead upon any of Crane's Business Papers.

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When buying Crane's Business Papers please mention Nation's Business to the dealer

OAKLAND [AND ALAMEDA COUNTY] CALIFORNIA

Advantages of the West's Fastest-growing Industrial District★—No. 3



"Shirt Sleeves and Lawns, in the month of January

how does that appeal to you, Jim? Think of green lawns and shade trees instead of snow drifts around your factory back home. Rather hard to picture, isn't it?

"The United States Government and Charlie Schwab both found that Oakland has the best all year 'round working climate of any industrial city in the United States. There are no extremes of heat or cold with the result that the efficiency of the workers is much greater here than in the East or Middle West.

"Notice the absence of smoke and soot—that's due to the universal use of hydro-electro power and fuel oil in place of soft coal. Cleanliness, fresh air, and pleasant surroundings add to office efficiency just as the even temperature adds to factory efficiency.

"You think this plant exceptional? It is typical of the type of buildings being erected by industries throughout this entire section. All of the Eastbay cities—Oakland, Berkeley, Alameda, San Leandro, Emeryville, Irvington—can show you many more just as good as this.

"Say, Jim, we're sitting on the top of the world out here in Oakland. "You asked about railroad facilities; I'm going to show you something when we leave here."

(*To be continued in the February issue.*)

A detailed industrial survey of Oakland will be mailed you on request.

—

Write Industrial Department, Chamber of Commerce

OAKLAND · CALIFORNIA

★This district includes the principal cities of Alameda County—Oakland, Berkeley, Alameda, Emeryville, San Leandro, Hayward, Newark, Niles—and is being advertised co-operatively by the Oakland Chamber of Commerce and the Alameda County Board of Supervisors.

woman's wardrobe, the Association says in explaining that although the yardage for dresses is reduced to the minimum, the number of garments in the individual wardrobe has increased more than the figures imply.

Last year was unquestionably a silk year, the Association asserts, but this optimistic note must be tempered with the present signs and omens that define the future. As read by the statistical seers of the Department of Agriculture, they portend the coming of the dressless age in about eight years. During the last twenty years, according to figures compiled by the Bureau of Animal Industry, the quantity of material needed for a dress has decreased from 14 to 4 yards. "At this rate," the Bureau says, "it takes no mathematician to figure that there won't be any dresses eight years from now."

Not many persons probably will get up early on New Year's Day, 1933, to check up on the government soothsayers, but if the silk men really want to keep America clothes conscious, they should throw all their moral support to national observance of Apple Week.

FROM PARIS comes word that beards are bad for the business of lawyers wanting a share of the American divorce trade, for "American women seeking advice on their marital affairs will have nothing to do with bearded advocates," a preference that should play directly into the hands of barbers. But



from the first, American women have supported the open-face movement—in husbands as well as in watches—and now to find that taste expressed in their discussions of divorce only confirms belief that international law will take proper recognition of the American principle of "open covenants openly arrived at."

WITH an Italian firm offering artificial wool to American textile manufacturers, there is inviting chance to cut the overhead in the ancient game of pulling-the-wool-over-the-eyes, for now the confidence men can play it synthetically. It may turn out that the only myth about the Golden Fleece was that it was artificial wool.

NOW IT can be told! The German fried potato is more easily digested than the French fried potato. So say scientists of the University of Chicago. Plainly, the implications to the business world are more gastric than drastic, and need give no shock to the delicate equilibrium of international relations. But the verdict was to be expected—the years since the war had already tempered "German atrocity" to "German ingenuity."

THAT "meals-on-wheels" idea for cross-country motor stages is not so hot, even if the Los Angeles-San Francisco coaches did roll into the newspapers on the completeness of their kitchen equipment—as if all buses did not have facilities for a blowout!

—R. C. W.



Have You Considered Sheet Steel for *Your* Product?

MANY a manufacturer has found Sheet Steel the "step ahead"—to a better product, to a lower cost or to new markets.

Contrast the old-style and the modern all-steel Pullman. The safety, the cleanliness and luxurious comfort of this *better* product was made possible through Sheet Steel. It is natural this improvement has been reflected in passenger coaches and even in street cars. The all-steel bus is certain to establish the same sweeping preference.

It is Sheet Steel that has enabled Ford to build a better car for the same price. Even the closed models are all-steel—safer, more luxurious, more beautiful.

The durable beauty, strength and fire resistance of Sheet Steel office furniture and partitions have made them the standard in public preference. What business man does not want the superior service of this modern material? Already the trend has started that will result in wholesale changes in thousands of offices.

The very character of Sheet Steel makes for uniformity and quality. In the process of production it is rolled and re-rolled into a homogeneous sheet that can be depended on to duplicate with scientific exactness in manufacture both size and strength. It lends itself to mass operation but is not confined to it.

Our booklet, "THE SERVICE OF SHEET STEEL TO THE PUBLIC," suggests many uses of Sheet Steel. We will gladly send a copy or discuss specific applications of Sheet Steel to your product.

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Palatial New Hotel

Home of Leaders in
Statecraft, Diplomacy,
Finance and Industry

Business and professional men will find here the acme of luxury and comfort, at rates no higher than at less finely appointed hotels.

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from
U. S. Chamber of Commerce
on
Connecticut Avenue
Seventeenth and De Sales Streets

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TO
MOTORISTS

Don't Start Your Engine
UNLESS Garage Windows
or Doors Are Open

All gasoline engines, when operating, generate CARBON MONOXIDE GAS. This gas is an insidious and fatal poison. It is invisible, odorless, tasteless and nonirritant. A small quantity breathed into the lungs means almost immediate death.

This danger can be averted only by fresh air—fresh air through open doors and open windows.

Be warned yourself and warn others against this danger from CARBON MONOXIDE GAS.

John Hancock
LIFE INSURANCE COMPANY
OF BOSTON, MASSACHUSETTS

A STRONG COMPANY Over Sixty Years in Business. Liberal as to Contract, Safe and Secure in Every Way.

News of Organized Business

THE FOURTEENTH annual meeting of the Chamber of Commerce of the United States will be held in Washington, D. C., Tuesday, Wednesday, and Thursday, May 11, 12, and 13, 1926, in accordance with action taken by the Chamber's board of directors. Members of the National Council will meet in Washington, May 10.

Omaha Advertises for Good Will

A FOLDER, entitled "'E Pluribus Unum'—Why Did They Put That Slogan on the Dollar?" has been prepared by the chamber at Omaha as a means to create good will and confidence among its own members. The folder was supplemented with a full-page newspaper advertisement, which gave a statement on the value of chamber work under the headline, "Man Power—the Force Behind Omaha."

Daily Report on Chamber Finances

EACH day the accounting department of the chamber at Stockton, Calif., makes a financial statement to the secretary. At the top of the form on which the report is made is carried the bank balance of the preceding day. The total cash received for the day is next reported, and the total of the two items is put down as a cash balance. Below this total is inserted the amount of obligations which stand against the chamber, including all the bills received during the day.

A Luncheon Club for Farmers

A SATURDAY luncheon club for farmers, organized at Cuero, Tex., is reported to be giving valuable assistance to the Cuero chamber in its activities in behalf of agriculture. J. C. Carrington, secretary of the chamber, got the idea of having farmers who come to town each Saturday meet at luncheon. The idea was communicated to one of the farmers, and he put the suggestion into practice. Most of the farmers had been eating their noon meal on Saturday in



Cuero, so that the luncheon club plan made no additional expense for them.

During the luncheon hour talks are made by members of the club, experts on agriculture, and Cuero business men. Secretary Carrington was elected an honorary member and helps plan the programs. Entertainment is provided by musical organizations from town and country. No dues are charged. Stiff collars are taboo.

$1,000 for Highest Yield of Corn

THROUGH the agricultural committee of the Georgia Bankers Association, H. Lane Young, a banker, has offered a prize of $1,000 for the highest yield of corn raised on five acres in Georgia in 1926, provided that banks in not less than seventy-five counties offer small prizes in contests for high yields in their counties. The five acres of each contestant must be in one tract. Mr. Young is executive manager of the Citizens and Southern Bank, which has banks at Atlanta, Athens, Augusta, Macon, and Savannah.

An announcement of the contest reads:

> The people in your county are sure that it is the best county in Georgia. Here is the opportunity to prove it to the world.
>
> There is the chance to win the cash prize of $1,000 and to arrange for two hundred, three hundred, or five hundred or more persons in your county to raise large yields of corn at a low cost per bushel.
>
> Should this be done, it will attract the attention of people all over the United States to the merits of your county.

The average yield of corn in Georgia during the last fifty years has been 12 bushels an acre, a yield worth less than the cost of production. The contest is expected to stimulate farmers to produce yields of 50 to 100 bushels an acre at a cost much lower than the market price of corn shipped into the state.

Chamber Hires Landscape Expert

THROUGH an arrangement made by the chamber at Claremont, Calif., the expert knowledge of a landscape architect has been available for three years to property owners of that city. Up to this year he gave free consultation to any property owner who wished to consult him, but financial considerations have now compelled the chamber to limit the service to its own



members. A marked improvement in the appearance of residence grounds is attributed to the architect's recommendations.

"Nacos" Elect Officers

MORE than three hundred members of the National Association of Commercial Organization Secretaries registered at the eleventh annual meeting at Kansas City. The program included two addresses by John W. O'Leary, president of the Chamber of Commerce of the United States.

The association begins its twelfth year with more than one thousand members. A board of directors was chosen, and the board elected four of its members to serve as officers. The new directors are: H. P. Corcoran of Wheeling; L. P. Dickie of Tampa; Raymond B. Gibbs of Scranton; Roscoe H. Goddard of Worcester; William Holden of Tulsa; E. E. Jackson of Colorado Springs; Walter O. Lochner of Trenton; John B. Reynolds of Indianapolis and Edw. R. Smith of Oshkosh.

The officers are: Raymond B. Gibbs, president; John B. Reynolds, vice-president; Roscoe H. Goddard, vice-president; and Walter O. Lochner, secretary-treasurer.

Fire Waste Committees Named

A. T. BELL, chairman of the National Fire Waste Council, which is cooperating with the Insurance Department of the Chamber of Commerce of the United States in its nationwide fire prevention program among chambers of commerce and trade organizations, has appointed committees authorized at the last meeting of the Council. These groups will serve until the meeting of the Council in September, 1926.

The Contest Entry Committee, which has charge of obtaining entries in the Inter-Chamber Fire Waste Contest, begins its work this year with more than 400 cities enrolled. Its personnel includes: Richard E. Vernor, manager, Fire Prevention Department, Western Actuarial Bureau, chairman; Percy Bugbee, field secretary, National Fire Protection Association; Earl E. Fisk, National Association of Insurance Agents; Joseph F. Leopold, manager, Southern Central Division, U. S. Chamber of Commerce; B. S. Mace, Railway Fire Protection Association; H. L. Miner, Wilmington, Del., Chamber of Commerce; Gilbert E. Stecher, Hoboken, N. J., Chamber of Commerce; C. L. Topping, Fire Marshals' Association of North America.

The members of the Speakers Committee, under the chairmanship of T. A. Fleming, supervisor, Conservation Department, National Board of Fire Underwriters, are: Eugene Arms, manager,

New Statistics Available on Kansas City Market



—and FAIRFAX

Fairfax Facts

1. Contains 1,282 acres.
2. Low taxes.
3. At the present stage of development it has 4 miles of concrete streets, water and gas mains, storm and sanitary sewers, electrical lighting and power facilities.
4. Six miles of trackage, the first unit in a network of thirty miles of railroad tracks.
5. Residence districts immediately adjacent and within walking distance offer an excellent supply of labor.
6. Cost of present improvements, more than $1,500,000.
7. Planned to give maximum service to the manufacturer.
8. Within one mile of Kansas City, Kansas, business district, within 3 miles of the Kansas City, Mo., business section, within 2½ miles of the freight house district.
9. Direct rail connections with all lines.

Fairfax sites offer the manufacturer the lowest first cost and minimum operating cost in Kansas City.

THE Kansas City territory is changing rapidly . . . growing . . . becoming an increasingly important factor in the nation's purchases.

Twenty million people look to Kansas City for their daily wants, its location and transportation facilities so well adapted to serving them quickly and economically.

Manufacturers seeking a well concentrated and prosperous market, or national distributors wanting to economize in and speed up distribution to this market, should have the latest data, which is contained in our booklet, "The Kansas City Market."

Send for this booklet

So rapidly has the Kansas City market changed, so increasingly prosperous has it become in recent years, that the statistics of a few years back are completely out of date.

It was to present the latest information to interested business executives that the booklet, "The Kansas City Market," was prepared. It will aid any business man to better visualize the opportunities in the Kansas City territory.

With room to grow

More than three million dollars is being spent to make The Fairfax Industrial District of maximum desirability to industries seeking a Kansas City location. It offers many advantages of location, transportation, service to the territory and proximity to sources of labor, raw material and fuel supply—and that very desirable industrial district feature, *the room to grow.*

The Kansas City Industrial Land Company

219 Railway Exchange Bldg. Kansas City, Missouri

Food manufacturers should not overlook the importance of the Kansas City market, which consumes one-fifth of the nation's food supply, spending approximately 2½ billion dollars annually, figured at wholesale prices, for food.

When writing to The Kansas City Industrial Land Company *please mention Nation's Business*



Let Your Hotel Boost Your Town

It's the cosy, homelike atmosphere of the modern hotel that causes the guest to appreciate your town; makes him loath to leave and anxious to come again.

Nor can this desirable impression be imparted by the hotel that is no longer modern!

There can be a modern hotel in YOUR town; it's just a question of financing.

That question is answered in THE FINANCIALIST, a monthly journal devoted to the subject of community hotel financing. 'Twill be sent gratis if you'll ask us to place your name on our complimentary Civic list, "C-1."

The HOCKENBURY SYSTEM Inc.
Harrisburg - - Pennsylvania

Associated Gas and Electric System

Founded in 1852

Experienced Management

The properties in the Associated system are operated by men all of whom have been successfully engaged for many years in the various phases of public utility business. The properties have been operated in conjunction with the J. G. White Management Corporation, which is one of the oldest and most widely known organizations engaged in the supervision of public utilities.

Some of the Associated properties were built by the present management more than 20 years ago. Under their supervision the properties have steadily increased in the number of customers and in earnings.

The Associated Gas and Electric Company (incorporated in 1906) has pursued conservative financial and business policies.

Securities of the

Associated Gas and Electric Company

may be bought in the open market through your security dealer to yield a good return

For information concerning Associated facilities and securities write to

Associated Gas and Electric Securities Corporation
61 Broadway New York

Mutual Fire Prevention Bureau; James T. Catlin, Jr., National Association of Insurance Agents; B. S. Mace; George B. Muldaur, general agent, Underwriters' Laboratories; Walter F. Shaw, assistant secretary, National Lumber Manufacturers Association; Gilbert E. Stecher; Jay W. Stevens, Chief Inspector, National Board of Fire Underwriters; N. B. Swett, Fresno, Calif., Chamber of Commerce; Richard E. Vernor; Franklin H. Wentworth, secretary, National Fire Protection Association.

The Information and Publications Committee has planned a schedule of publications to assist committees of business men working for fire prevention. The members of this committee are: Eugene Arms, chairman; Harry J. Bell, Milwaukee Association of Commerce; E. B. Berry, Railway Fire Protection Association; George W. Booth, chief engineer, National Board of Fire Underwriters; Ira G. Hoagland, National Automatic Sprinkler Association; Frank W. Lawson, National Association of Insurance Agents; Hickman Price, Motion Picture Producers and Distributors of America; Allen M. Schoen, chief engineer, Southeastern Underwriters Association; A. R. Small, vice-president, Underwriters' Laboratories.

Recognizing the need for continued work in the fie'd, Mr. Bell has reappointed the Field Service Committee to serve another year. It includes: Franklin H. Wentworth; James L. Madden, manager, Insurance Department, U. S. Chamber of Commerce; Richard E. Vernor.

On the Trade Association Committee, organized to interest trade associations in fire prevention, are: Walter F. Shaw, chairman; E. B. Berry; Ira G. Hoagland; W. W. Orr, National Association of Credit Men; Hickman Price; J. G. Reese, American Gas Association; George A. Ricker, Portland Cement Association; Warren H. Kimball, National Retail Drygoods Association.

The memberships of the Grading, Membership, and Arson Committees remain unchanged. The members of the Grading Committee are: George W. Booth, chairman; Eugene Arms; Franklin H. Wentworth. The Membership Committee includes: Dana Pierce, president, Underwriters' Laboratories, chairman; W. M. Johnson, Improved Risk Mutuals; and W. W. Orr. Serving on the Arson Committee are: C. L. Topping, chairman; W. E. Mallalieu, general manager, National Board of Fire Underwriters; and W. W. Orr.

Two new committees were authorized by the Council at its last meeting. One is to consider means of recognizing men formerly affiliated with member organizations of the Council, who have severed their business connections, and who are no longer eligible for full membership in the Council. This committee includes: E. B. Berry, chairman; Eugene Arms; and B. S. Mace. The other committee is to study the various means of compiling statistics of life loss due to fire. Dr. Frank A. Fall, director of education and research of the National Association of Credit Men is the chairman of this committee. The other members are: T. Alfred Fleming; Paxton Mendelssohn, Detroit Board of Commerce; P. W. Terry, Missouri Inspection Bureau; and Richard E. Vernor.

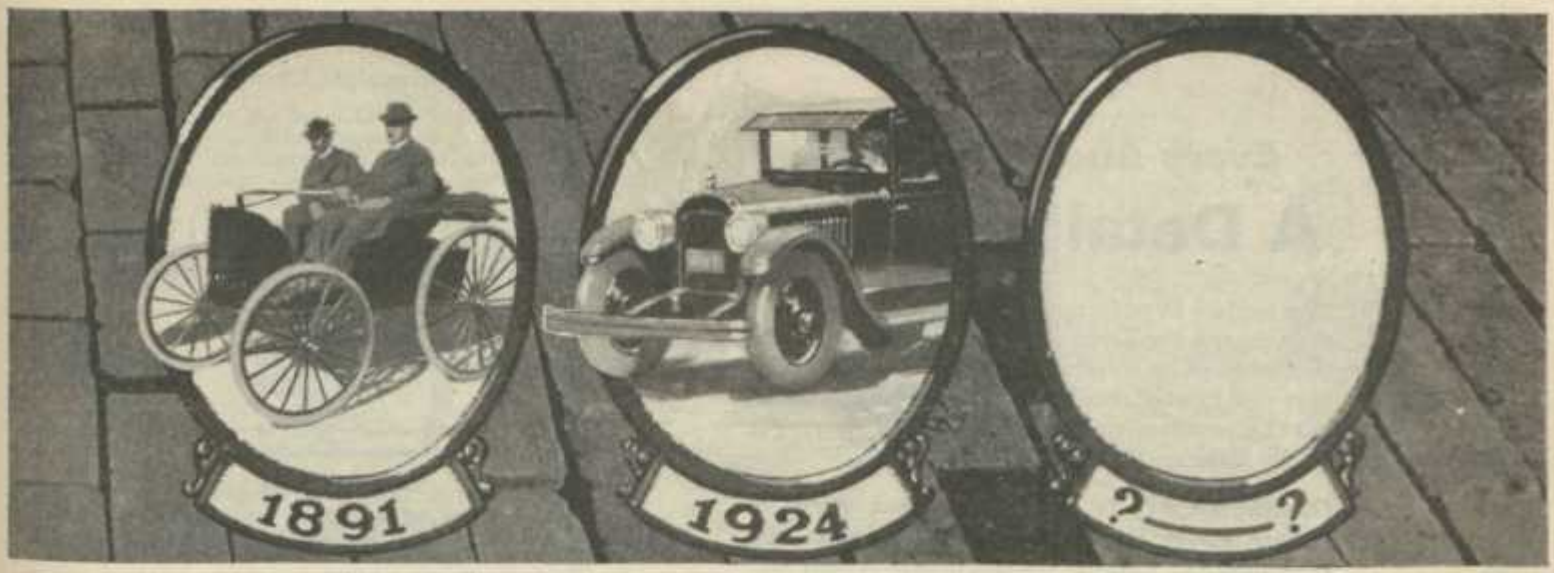
The representatives of the National Association of Commercial Organization Secretaries, who are appointed by that organization to act in an advisory capacity to the Council, are William Kennedy, secretary of the Camden, N. J., Chamber of Commerce; and John H. Northway, secretary of the Hamilton, Ohio, Chamber of Commerce.

Chamber Contributes to City Report

A SIX-PAGE illustrated section on "Portsmouth as an Industrial Center," prepared by the chamber of commerce, is included in a concise report of the departmental activities of the municipal government of Portsmouth, Va., printed by the city administration and now available for distribution.

In presenting the commercial and industrial aspects of the city's development, the chamber gave informative statements on the railroad and steamship facilities, the supply of raw materials, the agricultural situation, and the returns on local investments, and also presented statements of

When writing to The Hockenbury System Inc. *and* Associated Gas and Electric Securities Corporation *please mention Nation's Business*



Laid in 1891–
Relaid, other side up, in 1924–

–who can say when this vitrified brick pavement will finally complete its usefulness?

THE background of the illustration at the top of this page is an actual photograph of a typical section of the surface of the principal business thoroughfare of Sunbury, Pa., before applying the filler. The brick on this street, a main traffic route of the city, was originally laid in 1891, 34 years ago. In 1924 it was taken up and relaid. The perfect condition of the relaid surface shows clearly in the photograph. Could Sunbury—or any other community—have made a better paving investment? Can your community—*right now*—do better than to pave with vitrified brick, the pavement with salvage value built in it?

Pave With VITRIFIED **Brick**

The Pavement that Outlasts the Bonds

NATIONAL PAVING BRICK MANUFACTURERS ASSOCIATION, ENGINEERS BLDG., CLEVELAND, OHIO

When writing to National Paving Brick Manufacturers Association *please mention Nation's Business*

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A Detailed Audit

The leaders in practically every field of business now regard the *Detailed Audit* as an absolute necessity. The Reserve Cities Bankers Association, and most of the Credit Associations throughout the country, stand on record as preferring it to the Balance Sheet Audit.

Offering an expert and independent study in *detail* of the items represented *in mass* by balance-sheet figures, the *Detailed Audit* not only verifies, but clarifies. *It digs beneath the figures and reveals the buried facts.*

Every audit should be a *Detailed Audit*. It brings to light avoidable leaks and wastes. It finds the flaws in accounting, in credit and collection methods. It presents the cause, and the effect, of financial policies. It points to possibilities for greater profits.

Free from the qualified statements of the Balance Sheet Audit, the Detailed Audit is the ideal basis for credit. Complete in its presentation of the *facts* behind the figures, it is the only basis for executive plans and action which lead to progress and success.

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local manufacturers in support of its optimistic conclusions.

Honolulu Chamber Celebrates

OLD TIMES and old ways of doing business were appropriately celebrated in observing the seventy-fifth anniversary of the Honolulu Chamber of Commerce, founded October 1, 1850, by the chief merchants of the city with the approval of King Kamehameha III. This diamond jubilee celebration—or "Hoomanao Kaimana," as the Hawaiians said it, included addresses by Wal-



lace R. Farrington, Governor of Hawaii; W. R. Castle, of the United States Department of State; and John R. Galt, president of the Honolulu chamber.

Of the value of the chamber's work the jubilee program makes this significant appraisal:

> From 1871, when the chamber reorganized its forces and broadened its scope, the growth of Hawaii has been consistently healthy and its financial record sound, due in some measure, perhaps, to the influence of this oldest chamber of commerce in the United States west of the Mississippi River.

An informative commentary on the chamber proceedings of seventy-five years ago is provided by the present secretary, Ernest B. Clark. He writes that "Were we permitted to hark back over a span of seventy-five years and 'listen in' on a chamber of commerce meeting, we might note the following order of business:"

> *Resolved*, By the Chamber of Commerce of Honolulu that $50 slugs be placed at a discount of 5 per cent.
>
> *Resolved*, That the Spanish Real (12½c) shall pass for 10c.
>
> Advices just received from Boston quote an advance in the price of sperm oil from $1.20 to $1.25 per barrel and whalebone from 64c to 69c per pound.
>
> *Resolved*, That exchange on whalers' drafts on Boston be reduced from 20 per cent to 18 per cent.
>
> The secretary has just received a communication from Mr. Smith, of San Francisco, stating that he would appreciate information regarding Punahou College, as he desires to send his son, Thomas, here for his higher education.
>
> Letter received from Oregon printing firm wishes to know whether we can furnish another printing press similar to that set up some time ago by Mr. Hall.
>
> Further announcement comes from San Francisco desiring to have large quantities of vegetables, grain, etc., from Hawaii.

Hardwood Men for Standardization

AT A CONFERENCE of hardwood interests in Chicago, resolutions were adopted pledging this group to "earnest and sincere support of the program of standardization" as conducted by the Central Committee on Lumber Standards and the Department of Commerce.

The resolution defines the duties of divisions of the hardwood lumber industry as to associational activities, and to the promotion of inspection service and grading rules. In subsequent meetings of directors of important organizations in the industry the action of the Chicago meeting was officially ratified.

Standardization, with its accompanying conservation and economies in forest utilization, is expected to make possible an eventual saving of 20 per cent of the hardwood timber resources, a consequence of great importance to the construction, automobile, furniture, farm implement and other wood-using industries.

Of the significance of the resolution Secretary Hoover said:

> It is a matter of the greatest significance to

"Didn't you give me too much change?"



OFTEN and often, at the news stands in these hotels, you'll see people showing pleased surprise at finding things priced no higher than in outside stores. They expect to be charged more than the standard price when they buy in a hotel. They aren't charged more, here.

When you buy a two-cent local paper at the news stand in any of these hotels, you pay *two cents*—not three cents or more—for it, just as you would on the street.

When you buy cigars, cigarettes, candy or other standard merchandise, you pay *the standard price*—just as you would in street stores.

That is one of the ways, and a typical way, in which these hotels carry out the basic Statler policy of full and honest value for your money in every transaction.

Some Extra Values You Get in These Hotels:

Many of the newer of the country's first-class hotels give you some of these things; but, so far as we know, the Statlers are still unique in providing all of them:

Every—*every*—room in these hotels has a private bath, circulating ice-water, full-length mirror, completely-equipped writing desk, reading-lamp on bed-head or portable reading-lamp, or both, pincushion (with threaded needles, buttons, etc.), besides the more usual conveniences.

A morning paper is delivered free to every guest room.

In each hotel is a cafeteria, or a lunch-counter, or both—in addition to its other excellent restaurants. Club breakfasts—good club breakfasts—are served in all the hotels.

Each hotel maintains a large and well-selected library; you may withdraw books and keep them as long as you remain in the hotel, without charge.

Rates are unusually low, in comparison with those of other first-class hotels:

Single rooms are from $3 in Cleveland, Detroit, and St. Louis; from $3.50 in Buffalo, and from $4 in New York.

Twin-bed rooms (for two) are from $5.50 in Cleveland, Detroit and St. Louis; from $6.50 in Buffalo, and from $7 in New York.

And remember that every room in these houses has its own private bath, circulating ice-water and many other conveniences of equipment and furnishings that are unusual—such as, for instance, the bed-head reading-lamp, the full-length mirror, the morning paper that is delivered to your room before you wake.

In every room, too, is posted a card on which is printed the price of that room. We believe in the policy of one price and a square deal—and therefore mark our goods in plain figures.

Boston's Hotel Statler is Building:

In the Park Square District of Boston the new Hotel Statler is building,—1500 rooms, 1500 baths—to be opened late in 1926. Adjoining the hotel is The Statler Office Building, with 200,000 sq. ft. of desirable space for offices.

Buffalo—and Niagara

The newest Hotel Statler, (1100 rooms, 1100 baths) is in Buffalo—delightfully situated on Niagara Square. Across the street from it is the new Statler Garage, a marvel of convenience throughout—and especially appreciated by tourists visiting NIAGARA FALLS, which is but 23 miles away. The old Hotel Statler in Buffalo is now called HOTEL BUFFALO.

STATLER

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HOTELS

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Hotel Pennsylvania *New York*

The largest hotel in the world—with 2200 rooms, 2200 baths. On Seventh Avenue, 32d to 33d Streets, directly opposite the Pennsylvania Station. A Statler-operated hotel, with all the comforts and conveniences of other Statlers, and with the same policies of courteous, intelligent and helpful service by all employees.



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THE familiar blue and white flag of the Bell System flies over the buildings which house a vast equipment and thousands of men and women who are co-operating to give a national telephone service.

It symbolizes the ideals and spirit of service of the System's employees. It represents millions of miles of wire, millions of poles, hundreds of buildings, vast quantities of apparatus and equipment and other property that today has a book cost of over $2,400,000,000.

The ideals and material assets behind this flag — a nation-wide plant for a nation-wide service — underlie Bell System securities.

The stock of the A. T. & T., parent company of the Bell System, can be bought in the open market to yield a good return. Write for information.

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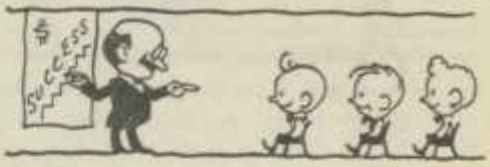
NATION'S BUSINESS, Washington

*Figures based on a complete investigation of all subscribers in twelve cities

the commercial and industrial community of our nation when an industry which has so wide ramifications as that of the hardwood lumber industry unites all of its elements to undertake a job for the common good of the manufacturer, the distributor and the consumer, as well as for the conservation of our national forests. I am deeply gratified at this turn of events.

Boys Get Taste of Business Life

IN CONNECTION with International Boys' Week, the chamber at Greensboro, N. C., gave the boys of the city first-hand opportunities to know the several lines of business established in Greensboro. In the observance of this "boys' day" the secretary of the chamber made an ad-



dress to the high school pupils. To them he represented business "as a high calling" and urged that "the business men of tomorrow visit the local concerns and there catch the spirit and inspiration of business as a profession."

Copies of the address are obtainable from the secretary of the Greensboro chamber.

European Business More Stable

A CONTINUATION of the general trend towards greater stability in business from the international viewpoint is noted by Basil Miles, Administrative Commissioner for the United States to the International Chamber of Commerce, in a report to the American Section, which points especially to the steadying effect of the Locarno treaties.

Although these treaties are not regarded as a panacea for eliminating war, they are characterized as providing "practical ways and means for cultivating a period of peace and contemplate quite specifically further and more tangible prospects of disarmament." Their significance is explained in two sentences: "When the treaties are ratified the business world should breathe more freely. Business men have been given assurance of the stability and in the peaceful development of trade in much more definite terms than has been the case for many years."



A survey of business conditions in Europe leads Mr. Miles to reassuring conclusions:

Italy has had a prosperous half year. Jugoslavia has produced an export surplus of agricultural products. Both Norway and Great Britain have further reduced their bank rates. Russia is beginning to see the importance of honoring bills of exchange. The report of the Agent General on the operation of the Dawes Plan in its first year shows a most encouraging compliance with the terms of the Reparations Agreement. Most surprising, if not most important of all, the Financial Committee of the League of Nations concerned with the rehabilitation of Austria has recommended that the control over Austrian finances be terminated in July, 1926, less than four years from the time of its inception. No more conspicuous demonstration of what can be done by stability and confidence could be afforded.

It has been said that more than one European country is recovering as fast as it is willing to do so under the difficult and often painful conditions growing out of the war. The pressure of politics upon business is less severe and more intermittent and the upward trend is assuming a more even course even if the rate of progress may in some cases appear less rapid.

Coming Business Conventions

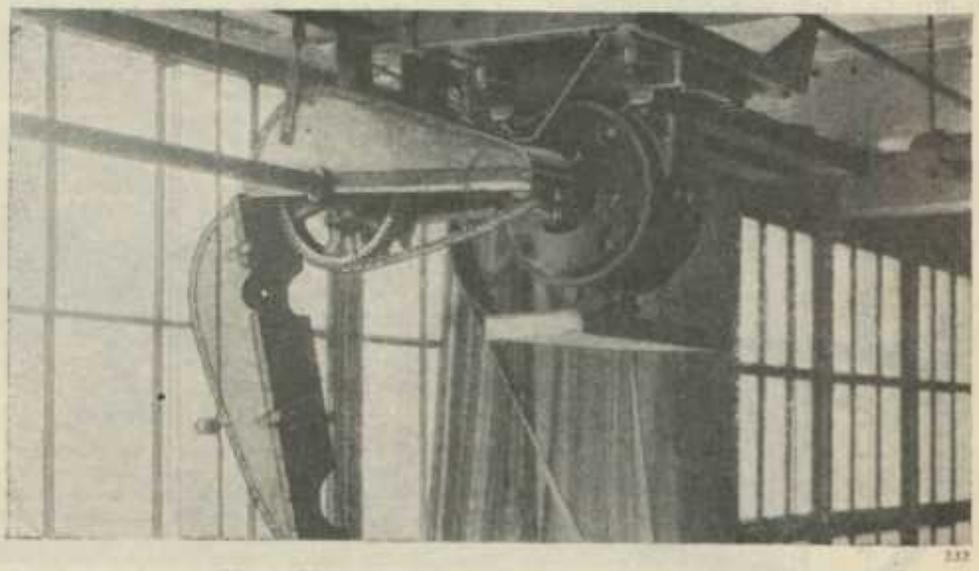
(From information available December 1)

Date	City	Organization
January		
4-6	Chicago	American Fruit and Vegetable Shippers Association.
4-7	Cincinnati	International Association of Clothing Designers.
4-6	Seattle	Northwest Canners Association.
7-9	White Sulphur Springs.	American Association of Wholesale Hatters.
wk. of 7	New York	National Musical Merchandise Association of the United States.
7-9	Chicago	National Shoe Retailers Association.
7	New York	Umbrella Manufacturers Association.
9	Boston	New England Music Trade Association.
11-15	Chicago	American Road Builders Association.
12-15	New Orleans	Western Fruit Jobbers Association of America.
12	New York	United States Ship Operators Association.
12	Spokane	Western Red Cedar Association.
12-14	Kansas City, Mo.	Western Retail Implement and Hardware Association.
13-14	Boston	Eastern Sodawater Bottlers Association.
14	New York	Associated Dress Industries of America.
15-30 (between)	Spokane	Pacific Northwest Hardware and Implement Association.
16	Louisville	National Pickle Packers Association.
18	Spokane	Associated Industries of the Inland Empire.
18	Los Angeles	Association of Natural Gasoline Manufacturers.
18-21	Kansas City, Mo.	National Association of Dyers and Cleaners.
18-21	Seattle	Western Confectioners Association.
19-20	New York	National Boot and Shoe Manufacturers Association.
19-21	Los Angeles	American Petroleum Institute.
19-21	Chicago	Better Bedding Alliance of America.
19-22	New Orleans	Merchant Tailors Designers Association.
19-22	New Orleans	National Association of Real Estate Boards.
19-22	Louisville	National School Supply Association.
19-22	New York	National League of Commission Merchants of the United States.
20	Montreal	International Cut Stone and Quarrymen's Association.
20	Chicago	Maple Flooring Manufacturers Association.
20-24	Chicago	National Furniture Warehousemen's Association.
20-21	Boston	New England Association of Ice Cream Manufacturers.
21	New York	National Jewelers Board of Trade.
21	Chicago	American Walnut Manufacturers' Association.
21	Boston	Eastern Shook and Wooden Box Manufacturers.
22-30	New York	National Association of Engine and Boat Manufacturers.
22	Providence	Manufacturing Jewelers Board of Trade.
24 (wk.)	New Orleans	National Building Granite Quarries Association.
25-30	Louisville	National Food Brokers Association.
25-29	Louisville	Canning Machinery and Supplies Association.
26-28	Cleveland	American Wood Preservers Association.
26-29	St. Louis	National Association of Merchant Tailors of America.
26	Minneapolis	Northern Pine Manufacturers Association.
26-29	Chicago	Page Fence and Wire Products Association.
27-29	Kansas City, Mo.	Southwestern Lumbermen's Association.
27-28	West Baden, Ind.	United Roofing Contractors Association.
28-29	French Lick, Ind.	Central Electric Railway Association.
28-29	Cleveland	National Association of Railroad Tie Producers.
30	Philadelphia	American Cranberry Growers' Association.

Dates of conventions scheduled for January by the following organizations were not available: American Doll Manufacturers, American Exporters and Importers Association, Associated General Contractors of America, Compressed Gas Manufacturers Association, Cycle Parts and Accessories Association, Cycle Trades of America, Electrical Manufacturers Council, Gas Products Association, Grass and Fibre Rug Manufacturers Association, Great Lakes Harbors Association, Hollow Building Tile Association, Motor and Accessory Manufacturers Association, Motorcycle and Allied Trades Association, National Association of Book Publishers, National Canners Association, National Lumber Exporters Association, and Western Glass and Pottery Association.

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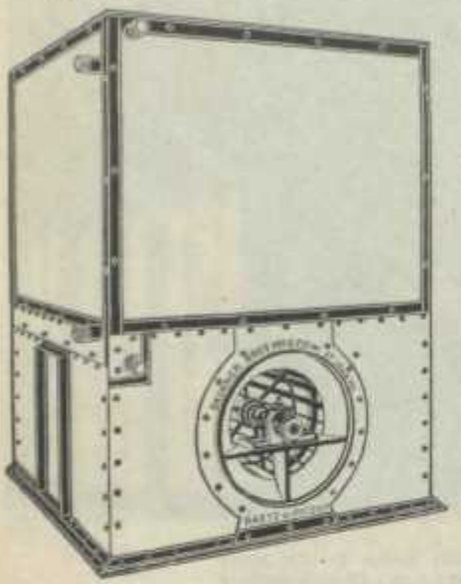
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ST. LOUIS, MO. . . . 2127 Railway Exchange Bldg.
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SALES OFFICES AND BRANCHES IN ALL PRINCIPAL CITIES

Reviews of Recent Business Books

Personnel Management on the Railroads, by Policyholders' Service Bureau, Metropolitan Life Insurance Company, New York, 1925.

Satisfactory adjustment of human relations has become a spoke in the wheel of industrial operations. Loyalty and efficiency on the part of employes and unit costs of production are all closely tied together and all depend on the maintenance of pleasant relations between management and workers.

Starting out frankly from the viewpoint that attentive consideration of the welfare of employes and systematic efforts to identify their interests with the success of the company which employs them are among the most important duties of industrial management, the investigators of the Metropolitan Life Insurance Company tried to learn how well our railways are meeting their responsibilities in that regard.

A survey of employe management on eight railways in various parts of the country and a more detailed study of experiments for bettering labor conditions now in progress on the Baltimore and Ohio and Rock Island systems served as a basis for their findings.

Questions Hard to Settle

THAT no railway management can hope to settle these matters by casual family round tables at irregular intervals needs no argument. The railroad family is too big and too complex. With six service classes splitting up into 148 general divisions of employes and including lawyers, doctors, engineers, skilled craftsmen, manual workers and common laborers, it is plain that industrial relations in a transportation system present a complex problem.

But however difficult the task may be, our insurance investigators insist that in these employer-employe relations there are reciprocal responsibilities which both parties must equip themselves to discharge, if good intentions are to be translated into tangible benefits, and that the best interests of employer and employe cannot be served by occasional reconciliation through controversy, arbitration and temporary compromise, but only by discovering the means of steadily improving the status of railway labor.

How much progress have railways made in employe management?

Out of a total force of 2,000,000 workers there are about 500,000 who are employed only at times of the greatest railroad prosperity. This, the committee holds, is not quite as it should be. Then, it is argued, railway executives give too little thought to the reasons for leaving the service, although labor turnover is large and the cost of training men for temporary employment is unduly high. Particularly the large number of common laborers who leave the railroad service means a great waste of time, effort, money and enthusiasm. Better foremen and better management are the only remedies suggested for these evils.

More Care in Selection

THE Baltimore and Ohio, Burlington, Great Northern, Delaware and Hudson, New Haven and a few other roads have found that it pays to give more heed to the selection of employes, training of apprentices, living conditions and health of employes. In the matter of promotion and transfers from one department to another the seniority rule sometimes works unnecessary hardships. Some of these inequalities need adjusting.

The findings also indicate room for improvement in stability of employment, training and special education of workers during their service, working conditions, especially in shops, savings and credit schemes and unemployment insurance. In all these directions certain roads are conspicuously to the fore but many instances were found of lagging behind modern requirements. In many old shops, for example, working conditions were found as unsatisfactory as in any American industry, artificial lights, low ceilings and unsanitary floors often being found.

But while a committee, looking for somewhat ideal conditions, naturally found many instances which fell short of perfection, evidences of rapid progress were seen all along the line. Everywhere the rough places in industrial relations were being smoothed out by constructive efforts at a better understanding and closer cooperation between labor and management.

Forty-seven American railroads have established regular old-age pension systems. The Southern Pacific has a group-insurance plan in force amounting to $100,000,000 and covering 90,000 employes. And representation of the employes in railroad administration is now almost the universal rule, perhaps the most widely known example being that of the Pennsylvania Railroad. The Lehigh Valley is making attractive offers of stock to employes as an investment. Everywhere facilities for the recreation and social life of employes are receiving consideration.

Nor have the railroads been slow to recognize the importance of medical examination, hospitals, and instruction in ways of avoiding malaria and infectious diseases. The New Haven and Rock Island Railways are budgeting their annual operations so as to make purchases in slack times and otherwise bring about greater regularity of employment. Probably more has been accomplished in reducing accidental injury to employes than in any other branch of railway personnel work.

The Baltimore and Ohio experiments were based on the assumption that the best productive results are possible only when men and management are in constant friendly contact and consultation, and not merely by occasional meetings after some industrial trouble or misunderstanding has arisen.

Adjusting Disagreements a Weak Point

THE WEAK point of such meetings, it is urged, is that emphasis is placed almost wholly on disputed points, managers and employes coming together to adjust a disagreement rather than for the consideration of problems in which their interests are identical.

As an instance of this get-together spirit the Central of Georgia is mentioned as a road which not only tries to provide the right working conditions but which has laid before the men a frank statement of the problems which the management has to meet, thus making the road's situation the employes' concern.

But notwithstanding these trends the insurance committee holds that the "railways have not gone so far in this field as have other important industries."

Several roads have committed personnel work to special officers or have developed special departments for dealing with employes. But our investigators urge that properly the man in charge of personnel matters should be a staff officer of sufficient rank to command the attention of the executives to whom he reports. Fortunately railroad executive organization seems to be tending that way.—E. V. W.

Warehousing, by H. A. Haring. The Ronald Press Company, New York, 1925.

Household Goods Warehousing in the United States, by Clarence A. Aspinwall American Warehousemen's Association, 1925.

The growing importance of warehousing in distribution is evidenced by these two books. Mr. Haring's, as its name indicates, has the wider scope. He has covered the whole field of warehousing with discussions of its banking and legal aspects, its economics, the methods of storage of various commodities.

If one would measure the importance of just one element of warehousing, that of the cold storage of food, let him look at these figures on two items: We sometimes have in warehouses in this country 10 million cases of eggs, each of 30 dozen, and 10 million barrels of apples. And that's 30 eggs for each of us and a barrel of apples for every dozen.

Mr. Haring discusses with clearness and keenness the economic functions of grain elevators and the efforts to regulate this element of distribution. He may horrify some of his readers by saying of wool: "It is hoped that there will



"The Old Homestead" by Edward W. Redfield won The Second Award in the Brown & Bigelow Painting Competition

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THE BROWN & BIGELOW Painting Competition conducted through the Anderson Art Galleries, New York City, has brought forth the finest in contemporary American art.

The competition was open to all artists in the United States. Four prizes, totalling $6,000, were awarded from the group of 2,000 entries. The judges were—Mr. Gari Melchers, Mr. Joseph Pennell, Mr. Robert Macbeth, Mr. Wm. E. Rudge, and Mr. James E. Belden—authorities in their professions. The prize-winners follow:

$2,500 First Prize . "The Sea Captain's Children" by Louise Heustis
$1,500 Second Prize . "The Old Homestead" by Edward W. Redfield
$1,000 Third Prize . "Modern Juno" by Emil Fuchs
$1,000 Fourth Prize . "Mother and Child" by Virginia Kemp Clark

Beginning December 28th these art gallery paintings are available for your calendars. You can give your patrons the *finest* in contemporary American art, faithfully reproduced with the true qualities of the original. *And the cost is reasonable*—no greater than what you would pay for the ordinary kind.

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(Sign your own name here)

come into existence at some one of the market centers a trading and speculative exchange."

The author of the book on the warehousing of household goods is president of the Security Storage Company of Washington, and it is published by the American Warehousemen's Association. An interesting historical chapter precedes the more technical discussions of such subjects as building design, accounting, packing, sanitation, etc. It is comparatively a young industry, the first closed van being only fifty years old, and the first fireproof warehouse still younger.

Mr. Aspinwall has done a useful job well. Trade associations which embark on such excellent projects deserve credit.

Economics of the Radio Industry, by Hiram L. Jome. A. W. Shaw Company, Chicago, 1925.

It would seem that radio was very young to have cut a full set of economics, but here we have 300 pages of them. To the reader outside the industry perhaps the most interesting is that on organizing radio broadcasting for the future. Professor Jome—he teaches economics at Denison University—suggests a limited number of high-power broadcasting stations, either government-owned or government-regulated, and perhaps government-subsidized. These should relay through widely scattered broadcasters. These super-stations should be in part supported by a tax on gross sales of radio manufacturers. He would permit under government restriction independent broadcasting as now.

Applied Business Finance, by Edmond E. Lincoln. A. W. Shaw Company, Chicago, 1925.

A third revised edition of a work of this nature would seem to indicate its usefulness. The author is chief statistician of the Western Electric Company.

Financial Handbook, edited by Robert H. Montgomery. The Ronald Press Company, New York, 1925.

A helpful compendium of all sorts of information compiled by bankers, lawyers and accountants, chiefly the latter. The editor, Mr. Robert H. Montgomery, was formerly president of the American Association of Public Accountants, and ought to be a judge of the financial material which a business man should have within reach.

The Uses of Bank Funds, by Waldo F. Mitchell. The University of Chicago Press, Chicago, 1925.

One of the "Manuals for the Study of Business" which issue with frequency from the University of Chicago. Professor Mitchell, who teaches Business Administration at Lawrence College, discusses the change from the "orthodox" theory of banking of short-time loans for commercial purposes to the "shiftability" theory by which bank funds find wider use, including the financing of trade and industry.

The Administration of Real Estate Boards, by Herbert U. Nelson. The Macmillan Company, New York, 1925.

A workmanlike job on the management of associations of real estate dealers, or if one prefers, realtors. A contribution to the "Standard Course in Real Estate." The author is secretary of the National Association of Real Estate Boards.

The Man Who Sells, by Ralph Corbett. Franklin Publishing Company, New York, 1925.

Inspiration for salesmen.

Business Organization and Management, by Henry P. Dutton. A. W. Shaw Company, Chicago, 1925.

To an old fellow who thinks of professors in terms of Latin, Greek and mathematics, with perhaps an occasional incursion into physics and chemistry, the titles of the faculties of our modern

institutions sound strange. Mr. Dutton is Professor of Factory Management in Northwestern University, as well as being in business as an industrial engineer. Professor Dutton has written a comprehensive book covering many phases of business from organization and capital-raising to selling the goods.

Security Syndicate Operations, by Arthur Galston. The Ronald Press Company, New York, 1925.

A convenient addition to the little series called the Ronograph Library, and issued under the auspices of the Investment Bankers' Association's Committee on Education. Mr. Galston describes the modern methods of wholesaling security issues.

The Statistical Work of the National Government, by Laurence F. Schmeckebier. The Johns Hopkins Press, Baltimore, 1925.

More than 500 pages to describe the statistical activities of the Federal Government. A copy ought to be handed to every one who says, "We need more figures." It is impossible to avoid wondering who uses two-thirds of them. A good piece of work for which we are indebted to the Institute for Government Research.

Principles of Personal Selling, by Harry R. Tosdal. A. W. Shaw Company, Chicago, 1925.

A comprehensive and apparently useful book on a subject which has a fast-growing literature. Chapters on "Compensation of Salesmen" and "Conferences, Conventions and Contests" ought to find interested readers among business executives with whom these problems are always present. It is somewhat surprising to find the author saying: "Salary plans of compensation are more commonly used than any other; the straight salary plan is probably used by a majority of business concerns hiring salesmen."

An Introduction to Business, by Harold H. Maynard and Walter C. Weidler. The Ronald Press Company, New York, 1925.

No book with such a title could avoid being sketchy. To range from "the Business of Agriculture to the Relations of Government and Business" (to quote the first and last chapter titles) is no small task. The authors are professors of business organization at Ohio State University and have planned their book for classroom use by a series of questions and problems on each chapter. A business man who seeks a rapid-fire sketch of the growth of industry can find one in 25 pages in Chapter V.

Effective Regulation of Public Utilities, by John Bauer. The Macmillan Company, New York, 1925.

The author believes that most of the work so far done on rate regulation has been wasted, and that effective regulation could be made almost an automatic process.

Harvard Business Reports, compiled by and published for the Graduate School of Business Administration, George F. Baker Foundation, Harvard University. A. W. Shaw Company, Chicago, 1925.

The records of some 150 actual business problems and their solution. Designed for Harvard classroom use, but containing many instances of interest to business men in general.

Linking Science and Industry, edited by Henry C. Metcalf. The Williams and Wilkins Company, Baltimore, 1925.

A collection of papers prepared apparently for the Bureau of Personnel Administration. For the most part they are devoted to discussion of the scientific aspects of certain problems of industrial relations, but some seem far from that field. The book would have been helped by a little explanation of who the sixteen authors are.

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Mud and snow—which make heavy trucking expensive and difficult—have no terrors for Firestone Double Traction tires. Eighty powerful traction cogs grip and hold the road—moving the load steadily, without wheel spin, over places where ordinary tires fail.

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WHAT A WHALE OF A DIFFERENCE JUST A FEW CENTS MAKE

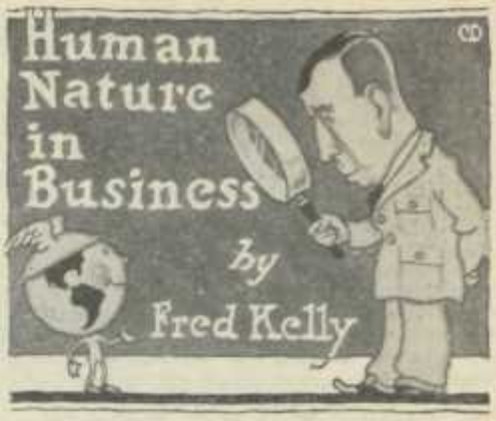
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THEN is when it is sometimes hard to get together quickly a lively picture of the facts. It is almost a certainty that NATION'S BUSINESS has in the past year discussed the subject not once, but many times.

All of the past year's NATION'S BUSINESS articles and comments with their page references are listed in the 1925 NATION'S BUSINESS INDEX, just published. One copy will be sent to you *free*, if you ask for it.

CHAMBER OF COMMERCE OF THE UNITED STATES
WASHINGTON



I MET a country banker on his way to inspect a church under construction. The church trustees were trying to get a loan from his bank to complete the building.

"I'm afraid we can't let them have much money," the banker told me, "because the main floor isn't built on ground level but is up a considerable distance. We much prefer to lend money on a church that in an emergency could easily be converted into a garage."

Since then I have learned that most city bankers on church loans likewise take this garage possibility into serious consideration.

A BUSINESS man near Baltimore has a big farm that looks as if it ought to be on a paying basis. It is a dairy farm and so immaculately kept that people drive out from the city to look it over. Visiting this farm on a Sunday afternoon has become the proper thing to do. Two men are required to direct automobile traffic in the barnyard each Sunday. And nearly everybody who comes buys a quart of certified milk. Others buy milk by the glass over a counter. They must sell hundreds of quarts of milk in this manner at more than ordinary retail prices without even having to haul the milk to town.

I HAVE noticed that whenever a man and a woman have similar jobs in a big office, the woman is almost certain to be more intelligent than the man. If he were her superior he would have been promoted. The only reason she isn't placed over him is that the boss thinks the job ahead must be held by a man. In other words, there is still a prejudice against having a woman in a job where a man may be had at the same salary.

A BIG cracker company offered a prize to the employe who would make the best suggestion for reducing expenses. The prize went to an office boy who wisely proposed: "Let's just put one less cracker in each box."

I JUST met a wise business man who confided to me that he is about to invest heavily in real estate.

"In Florida?" I breathlessly asked.

"No," he replied; "in Paris. We are forming an American syndicate to buy up options on land in Paris. You know, Paris real estate has never recovered 1914 prices. Nearly everybody would like to live for a time in Paris. It is almost the capital of the world. Yet real estate bargains lurk everywhere."

ON THE other hand, I know a woman who went to spend the winter in Paris and was delighted at the thought that apartment rentals must be low because limited by an anti-profiteering law still in force. But she discovered that Paris realtors, or whatever the French name for a realtor is, had hit upon a simple plan for outwitting the law. She



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You will be welcome to sample packages planned according to your 1926 needs, and to as complete constructive recommendations as you desire, for bettering your packaging and shipping methods.

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THE HINDE & DAUCH PAPER CO.
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40 factory-trained, laboratory-schooled H & D Package Engineers, from 12 service offices, are travelling 20 states. Their job is to interpret the economies and other advantages of modern packaging science to the shippers within their territory. Each has made packages in a factory of the world's largest producer of corrugated fibre shipping boxes and designed them in the same company's package laboratory. Each knows the best practice of a thousand shipping departments.



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was compelled to pay a premium of nearly $8,000 for the privilege of renting the apartment she desired.

I WAS recently staying in a hotel where one of the guests was Mr. George F. Baker, possibly the shrewdest banker of his generation. Many of the guests were gaily discussing the rise of prices in the stock market and visited from time to time each day a broker's office in the hotel. But George F. Baker never went near the place nor showed the slightest interest in stocks until one day when an alarming slump occurred. Then he sauntered in and bought a few hundred shares of *bargains*. Men of the George F. Baker type never buy any other kind. I noted, too, that the stocks he bought were inconspicuous and long neglected, but by uncanny coincidence they had a sharp rise within forty-eight hours.

IN A MIDDLE western industrial city recently I drove by a block of brick buildings, once a prosperous manufacturing plant that was the pride of the city. It had been built up gradually by a man who started with nothing. Today the place is in decay, except one or two of the smaller buildings that have been sold for service garages. A son of the founder took charge of it after his father's death, and, though the business was then at the height of its prosperity, he couldn't hold it to its course. Yet he was well educated and to all appearances a far more intelligent as well as more cultured man than his father. The second generation can't always keep even what the first generation hands to it.

This reminds me of the theft of a $600,000 necklace from a charming woman who left it on a table in a hotel room while she was taking a bath. This woman's father, from whom she inherited the money to buy such trinkets as $600,000 necklaces, got most of his wealth by collecting it from the public five and ten cents at a time. Though he later put up a building known today throughout the world, he at one time had so little money that he would have hesitated to turn his back even momentarily on $600,000. It is doubtful if he would have left even $1 lying within reach of thieves in a hotel room. His problem was not only to save his money but first to make it.

THE credit man at one of the biggest New York hotels assures me that, despite thousands of checks cashed for strangers every year, their losses through bad checks is less than one-half of one per cent of the money handled.

ONE of the problems of everybody who writes is to make himself so clear that his thoughts cannot well be misunderstood. That this is not easy is shown by the experience of the Kalter-Cerf Mercantile Co. of New York. On their bill-heads this company has a printed notation "Payable in New York Exchange." Recently a customer wrote to inquire: "Where shall I send check—to your office on Broadway or to this here New York Exchange?"

A STATISTICIAN acquaintance of mine took the trouble some time ago to place himself on the mailing list of about fifteen different brokerage houses, and he kept careful record of the advice in their market letters over a period of years. He worked out an original system for grading this advice. If a broker mildly urged customers to buy stocks his grade for that day was *plus 1*; if more strongly on

What Sells Advertised Goods?

Good merchandise poorly advertised in a good market, will not, as a rule, sell well, while inferior merchandise well advertised in a good market will have a demand that will last just so long as it takes people to discover its inferiority—but, good merchandise well advertised in a good market wins and holds a demand that is increasingly profitable.

In *all* cases, advertising plays an important part.

When the merchandise is "right," and the advertising copy is "right," there is still another important factor—the medium.

Merchandise is poorly advertised if it is not advertised in the most effective mediums, and these mediums are known by the volume of advertising they carry. Advertising volume proves advertising productivity, because experienced advertisers do not advertise except for *results*.

Advertisers in the Chicago market have proved to their satisfaction that The Chicago Daily News is the most effective sales medium among Chicago daily papers—and accordingly place a greater volume of business in The Daily News, year after year, than in any of its daily competitors.*

To reach the vast majority of financially competent households of Chicago, follow the lead of successful experience and advertise most in

THE CHICAGO DAILY NEWS
First in Chicago

*In the first ten months of 1925 The Daily News published 12,819,088 agate lines of display advertising—a greater volume than was ever published in any Chicago daily paper in the same period of any other year. The next highest daily lineage record in Chicago for this period of 1925 was 10,513,707 agate lines.

When writing to The Chicago Daily News *please mention Nation's Business*



Insure it!

FOR just a few cents you can give yourself North America Parcel Post Insurance protection.

Wrap a coupon with every package and you are insured against its loss, damage or destruction in the mails.

Mail the attached memorandum for information and rates.

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make your money safely pay



Our $100 to $1000 First Mortgage Bonds are secured by *income-paying business property* in Miami, "The Concrete City," a seasoned investment field where sound, steady growth *doubly assures* the basic value of the security ... independently, authoritatively appraised at substantially *twice* the amount of mortgage loan. Write *now*, while 8% is prevailing, legal interest rate, for "8% AND SAFETY" booklet—explains how bonds are underwritten and safeguarded and gives *all* other important details. References: *All* Miami Banks.

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HERE'S THE 1926 MODEL FILE POCKET

Transfer time is here again. Don't go on putting up with musty old files.

Overcome bulging and overcrowding in the files by using this pocket. It allows papers to go all the way in, protects every edge and leaves the index always visible.

Send for a **FREE** *sample of this pocket and test it out under your own working conditions.*

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"They Last Longer"

the buying side, the grade was *plus 2*; and if advice to buy was about as strong as it could be, then the mark was *plus 3*. Likewise, advice to sell was graded *minus 1*, *minus 2*, and *minus 3*, according to how emphatic it was. The compiler of these figures averaged the advice for each week and then later compared such averages with what actually happened. In this way he made an astonishing discovery: Whenever the average advice from 15 brokers was *plus 1½*, or, in other words, when they were half-way as urgent as they could be on the buying side, nine times out of ten it was then time not to buy but to sell. The market was at its top. But when prices were at bottom and everybody should have been buying, the brokers were showing an average grade of minus ½; that is, the market had to be at its lowest before they admitted that it wasn't booming.

Another statistician made a similar study of a series of market letters from 50 brokers and found that over a period of years they favored the buying side two-thirds of the time.

ONE OF the executives of the Goodrich Rubber Company declares that he doesn't like to hire a man for an important post until he has sat with him in a poker game.

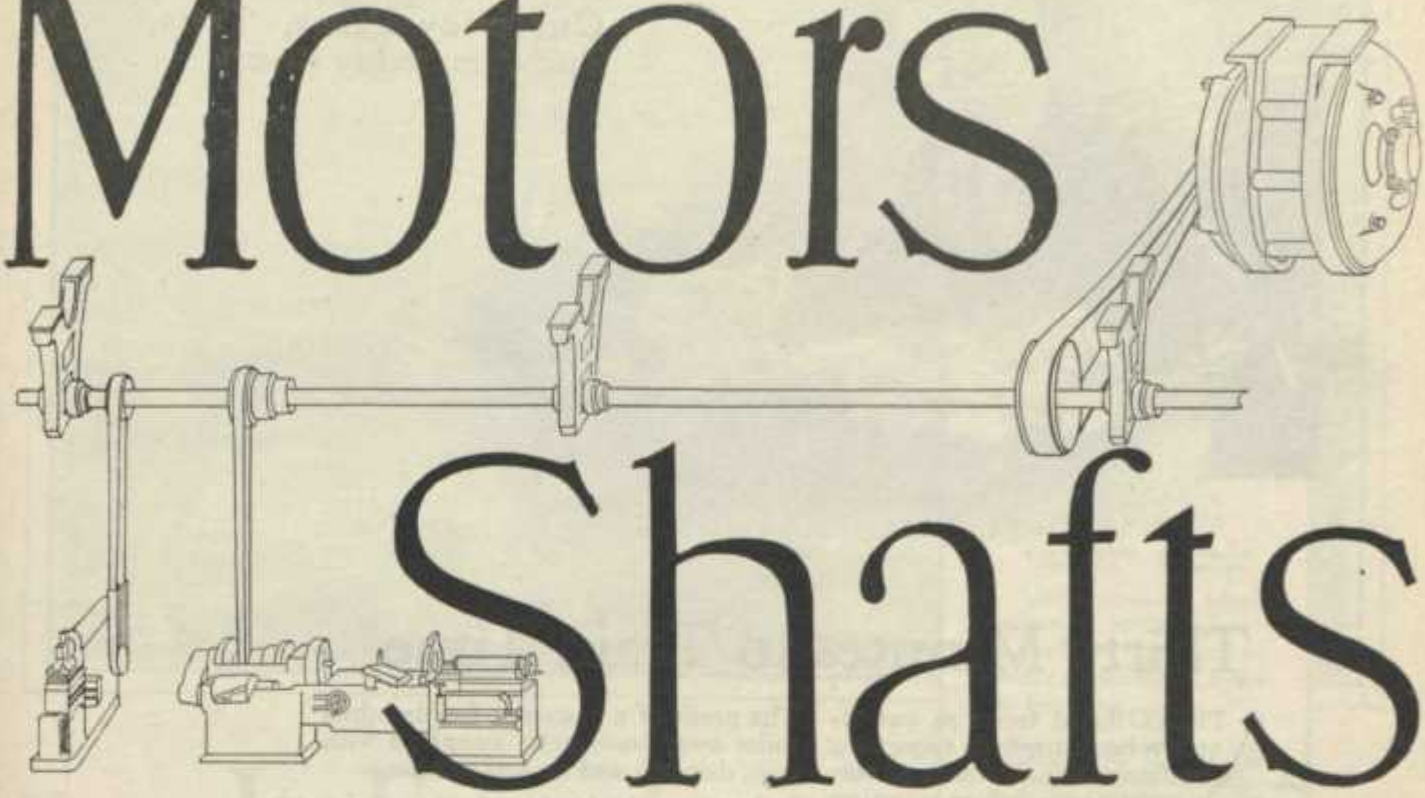
"It is at the poker table," he says, "that a man shows his real character."

I WONDER how many business men are as efficient, in a sensible way, as Mrs. Zell Hart Deming, only woman member of the Associated Press, owner and manager of the prosperous *Warren Tribune*, at Warren, Ohio. Mrs. Deming learned years ago that it isn't work which takes up time so much as interruptions. She therefore tries to avoid interfering with anyone in her plant who may be busy. If she has an order for the foreman of the composing room, only a rod or two from her own office, she does not call him from his job but sends a brief note which he may read during a lull.

When she dictates this note she does not even interrupt her stenographer but tells it to a dictaphone. The stenographer can transcribe it when she isn't in the midst of something else. I imagine that half of all business conferences might be eliminated if men would merely jot down their ideas on paper to be read when there is nothing more important to do. Incidentally, Mrs. Deming applies her experience as a careful housekeeper to her newspaper plant, which is so free from scraps of waste paper and other litter commonly found in newspaper offices that business managers of other papers have actually traveled hundreds of miles to see it.

A NEW YORK woman is conducting a free beauty clinic to help girls now out of work to land jobs. She finds that no girl needs to be long out of work if she is attractive. And many girls who can't land jobs because they do not look ornamental enough are not homely but simply haven't learned how to dress. Which reminds me of a business girl that I always thought was an eyesore until one day I chanced to see her at the beach in a bathing suit. She had a figure worth going miles to see, but did not know how to drape it to get the best effect in an office. Perhaps she thought it didn't matter how she looked at the office. But she was mistaken. With a more attractive appearance, she would have received a much larger salary. She would have been worth more money because she would have made the office a more harmonious place for others to work in.

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The Vice President, in charge of Banks and Banking, reaches for his P-A-X. Three swift, sure turns of the dial. Promptly the Chief Clerk responds, receives the Vice President's instructions and relays them, via P-A-X, to the Currency Shipment Teller. Another speedy spin of the P-A-X dial. The Transit Department delegates a special messenger to deliver the package, properly insured and registered, to the train.

In less than five minutes, four separate departments have been co-ordinated. The needs of a customer five hundred miles away have been supplied with ease, dispatch and no lost motion.

In handling the banking business of a *hundred thousand customers*, whose combined accounts total *one hundred million dollars*, the executives of Kansas City's largest financial institution find P-A-X indispensable.

Varied and various are the ways in which it functions in banking service Mrs. Carter loses a check while shopping The Assistant Cashier turns to his P-A-X, dials the proper departments Instantly, payment is stopped on the lost check.

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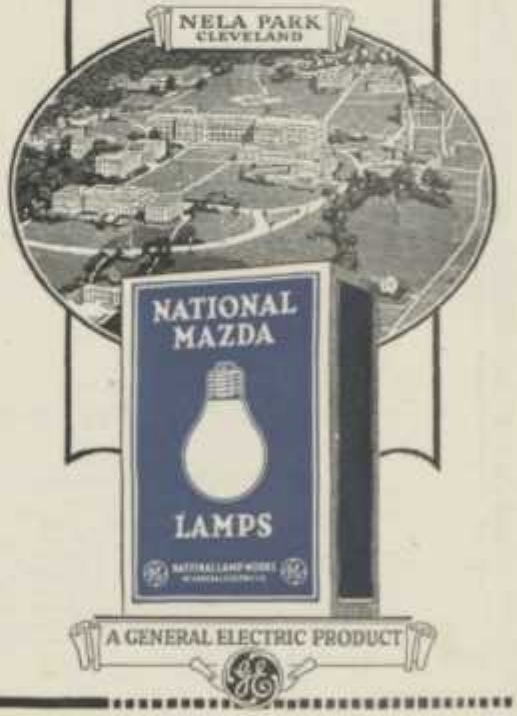
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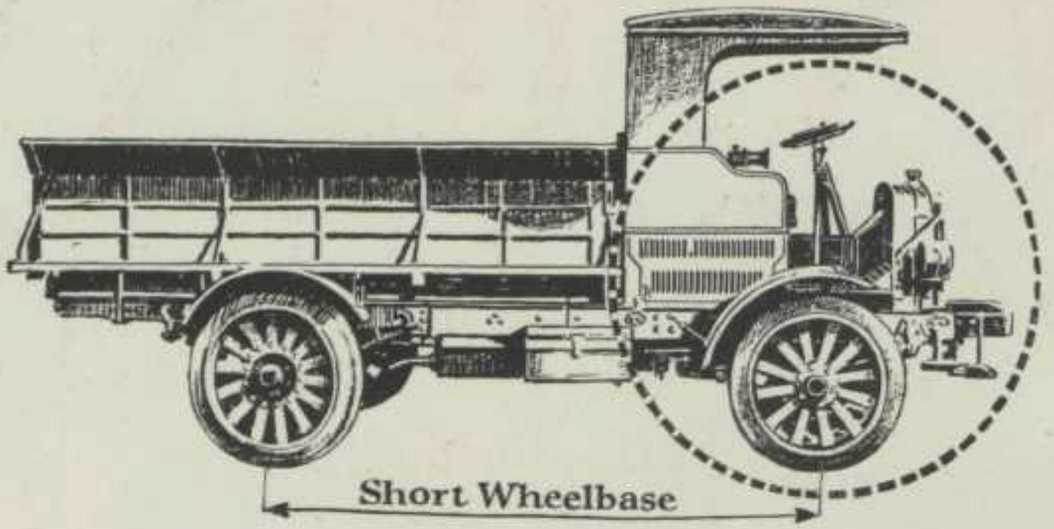
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Nela Park, Cleveland, Ohio

Please send me the following: ☐ Full details of the savings made by taking advantage of annual lamp contracts. ☐ Booklet: "How Better Lighting Increased Our Production 25%". ☐ Booklet: "Cutting Factory Costs with Lighting".

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BODY-LENGTH for body-length, load for load, Autocar Motor Trucks take up less space because the engine is placed under the seat, not out in front.

This distinctive Autocar design doesn't do away with traffic congestion; it does however give Autocar trucks the big advantage. When it comes to a jam, Autocars can pick the smaller opening, can park in less space, and load and unload in seemingly inaccessible places.

The Autocar Company, Ardmore, Pa.

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